



Richmond, Virginia

Annual Comprehensive Financial Report of the Virginia Resources Authority

A Component Unit of the Commonwealth of Virginia

Year Ended June 30, 2025



# **Virginia Resources Authority**

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Year Ended June 30, 2025

Prepared by the Finance and Administration Division:

Catherine O'Brien, Interim Director of Finance

George Panos, Loan Servicing Manager

Nola Zhang, Accountant



**Virginia Resources Authority**  
**Table of Contents**  
**June 30, 2025**

**INTRODUCTORY SECTION**

Letter of Transmittal.....	1
Organizational Structure.....	4
Directory of Principal Officials .....	5
Certificate of Achievement for Excellence in Financial Reporting.....	6

**FINANCIAL SECTION**

Independent Auditor's Report .....	8
Management's Discussion and Analysis .....	12

**Basic Financial Statements**

Statement of Net Position .....	16
Statement of Revenues, Expenses, and Changes in Net Position .....	17
Statement of Cash Flows .....	18
Notes to the Financial Statements.....	20

**Required Supplementary Information (Unaudited)**

Schedule of Changes in Net Pension Liability and Related Ratios .....	76
Schedule of Pension Contributions.....	77
Notes to Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions .....	77
Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program.....	78
Schedule of Employer OPEB Contributions – Group Life Insurance Program.....	78
Notes to Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer OPEB Contributions – Group Life Insurance Program .....	79
Schedule of Employer's Share of Net OPEB Liability – Virginia Local Disability Program .....	82
Schedule of Employer OPEB Contributions – Virginia Local Disability Program.....	82
Notes to Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer OPEB Contributions – Virginia Local Disability Program .....	83

**Combining Fund Financial Schedules**

Combining Schedule of Net Position.....	84
Combining Schedule of Revenues, Expenses and Changes in Net Position.....	85
Combining Schedule of Cash Flows.....	86
Combining Schedule of Net Position – Virginia Revolving Loan Fund Accounts – Water Facilities .....	88
Combining Schedule of Revenues, Expenses and Changes in Net Position – Virginia Revolving Loan Fund Accounts – Water Facilities .....	89
Combining Schedule of Cash Flows – Virginia Revolving Loan Fund Accounts – Water Facilities .....	90
Combining Schedule of Net Position – Virginia Revolving Loan Fund Accounts – Water Supply .....	92
Combining Schedule of Revenues, Expenses, and Changes in Net Position – Virginia Revolving Loan Fund Accounts – Water Supply .....	93
Combining Schedule of Cash Flows – Virginia Revolving Loan Fund Accounts – Water Supply .....	94

**STATISTICAL SECTION**

Table 1 Net Position by Component.....	97
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**Virginia Resources Authority**  
**Table of Contents**  
**June 30, 2025**

Table 2 Change in Net Position .....	97
Table 3 Operating Revenues .....	98
Table 4 Operating Expenses .....	98
Table 5 Outstanding Loans Receivable .....	99
Table 6 Outstanding Debt .....	100
Table 7 Virginia Principal Employers .....	101
Table 8 Virginia Demographic and Economic Statistics .....	102
Table 9 Operating Indicators .....	103
Table 10 Employees by Identifiable Activity .....	104

**COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	106
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## **INTRODUCTORY SECTION**





September 9, 2025

Board of Directors  
Virginia Resources Authority  
1111 East Main Street, Suite 1920  
Richmond, VA 23219

Dear Board of Directors and Commonwealth Citizens:

In accordance with the requirements set forth in Section 62.1-222 of the Code of Virginia, as amended, I am pleased to present the fiscal year 2025 financial statements of the Virginia Resources Authority (VRA, or the Authority). The statute requires the Authority to publish, at the close of each fiscal year, a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with Government Auditing Standards generally accepted in the United States of America.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

The fiscal year ended June 30, 2025 was audited by CliftonLarsonAllen LLP, a licensed certified public accounting firm. I am pleased to report that as a result of an audit of the Authority's financial records and transactions of all funds, CliftonLarsonAllen has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2025.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### **VRA Profile**

VRA was established in 1984 as a public body corporate and as a political subdivision of the Commonwealth of Virginia pursuant to the Virginia Resources Authority Act (Chapter 21 of Title 62.1 of the Code of Virginia, as amended). VRA is governed by an eleven-member Board of Directors, appointed by the Governor. Members include four state agency representatives, including the State Treasurer. VRA's Executive Director, also appointed by the Governor, administers, manages, and directs the affairs of the Authority, subject to the policies, control, and direction of its Board of Directors.

VRA was established to provide an additional source of funding for local infrastructure projects. Initially providing financing for local water and wastewater projects, projects eligible for VRA financing have increased over the years to 20 distinct project types. These project areas reflect the capital improvement priorities of local governments and priority areas identified by Virginia's Governors and General Assembly to improve the health, safety, and general welfare of Virginia's cities, counties, and towns.

### **VRA Financing Programs**

VRA's Virginia Pooled Financing Program (VPFP) is available to Virginia counties, cities, towns, and other political subdivisions requiring financing for any one of the designated project areas eligible for VRA financing. Authorized project areas include water, sewer, transportation, public safety, local government buildings, parks and recreational facilities, and a variety of other capital improvement projects. VPFP

borrowers realize savings from VRA's unique state credit enhancements based in part on the Commonwealth's moral obligation, shared expenses, and a straightforward and customer-friendly loan process. VPFP's high credit rating, a "AAA" for the senior bonds and "AA" for the subordinate bonds, results in favorable access to the capital markets for Virginia localities.

In addition to the VPFP, the Authority currently serves as co-manager of state capitalized loan/grant funds: Virginia Water Facilities Revolving Fund (VWFRF), Virginia Water Supply Revolving Fund (VWSRF), Virginia Airports Revolving Fund (VARF), Virginia Dam Safety and Flood Prevention and Protection Fund (VDSFPPF), Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF), Virginia Tobacco Region Revolving Fund (VTRRF), Virginia Tobacco Community and Business Lending Program (VTCBLP), Community Flood Prevention Fund (CFPPF), and the Resilient Virginia Revolving Fund (RVRF).

Two funds, the VWFRF and the VWSRF, receive capitalization grants each year from the U.S. Environmental Protection Agency, which includes a state match requirement from the Commonwealth. These funds are operated and known as the Clean Water Revolving Loan Fund (VWFRF) and the Drinking Water State Revolving Loan Fund (VWSRF). The VARF, VDSFPPF, and VBAF are solely capitalized by appropriations from the Commonwealth. The VWFRF, VWSRF, and VARF operate as revolving loan funds with loan repayments made available for new loans to qualified borrowers for eligible projects. To date, the VBAF, VDSFPPF, and CFPP have only made grants for eligible projects.

The Virginia Transportation Infrastructure Bank (VTIB) was created in 2011 to finance the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities. VRA is the manager of VTIB and performs certain duties under an agreement with the Commonwealth Transportation Board and the Secretary of Finance.

### **Economic Information**

The Commonwealth of Virginia's FY 2025 general fund revenues exceeded the official forecast assumed in the 2025 Appropriation Act by \$572.0 million. Total general fund revenues grew \$1.78 billion (6.1%) over the prior fiscal year. Higher than expected revenue collections are primarily attributable to strong individual income tax non-withholding revenues which were partially offset by higher than anticipated individual income tax refunds.

### **FY2025 Accomplishments**

During FY2025, the VRA team, working alongside state agency and private sector partners, delivered standout results. The Authority provided cost-effective financing that reached every region of the Commonwealth. Guided by the Board of Directors, the Authority served local government borrowers through its Virginia Pooled Financing Program (VPFP) and state-administered programs.

Accomplishments for the Authority during FY2025 include:

- Maintained high investment-grade ratings for rated financial programs
- Reached \$6.12 billion in total VPFP issuance since 2003, including \$275 million in FY2025
- Funded critical projects statewide with 298 new loans and grants totaling approximately \$510 million for 215 unique entities
- Supported state agency partners in managing their loan and grant programs
  - Department of Environmental Quality: \$110.0 million for 65 projects
  - Department of Health: \$70.1 million for 83 projects
  - Department of Conservation & Recreation: \$55.8 million for 107 grants
  - Virginia Economic Development Partnership: \$2.0 million for 22 grants
- Continued professional and career development training initiatives
- Received the Government Finance Officers Association Award for Excellence in Financial Reporting for the FY2024 Annual Comprehensive Financial Report (ACFR), marking the 17<sup>th</sup> year of recognition

### **FY2025 Financial Results**

VRA ended the fiscal year with assets and deferred outflows of \$6.04 billion, a 3.2% increase over the prior year. With assets and deferred outflows exceeding liabilities and deferred inflows by \$2.78 billion, VRA's net position increased 8.6%. Approximately 98.6% of total net position is restricted for making loans and grants through the various loan programs administered by VRA.

Operating revenues (\$184.7 million) increased 16.7% while operating expenses (\$167.1 million) increased 21.3%, primarily because of interest earnings on investments and loan disbursement and repayment activity. Overall, VRA's financial position remains strong at the conclusion of fiscal year 2025.

### **Long-term Financial Planning**

VRA works with its agency partners to project program demand. For the Virginia Water Facilities Revolving Fund and Virginia Water Supply Revolving Fund, VRA utilizes a long-term financial model to determine lending capacity under various scenarios. The models are updated at least annually. Ongoing communications with agency partners helps ensure effective planning.

VRA also completes a five-year budget projection using certain assumptions for growth and project volume. Each year the assumptions are updated and the projection is revised accordingly.

### **Acknowledgments**

Finally, completion of the Authority's fiscal year 2025 ACFR would not have been possible without the Authority's knowledgeable and dedicated team of professionals. A special note of gratitude goes to the Authority's personnel who assisted in this effort. I would also like to extend our thanks to the Authority's Board of Directors for their continuing support in planning and conducting the financial operations of the Virginia Resources Authority in a responsible manner.

Sincerely,

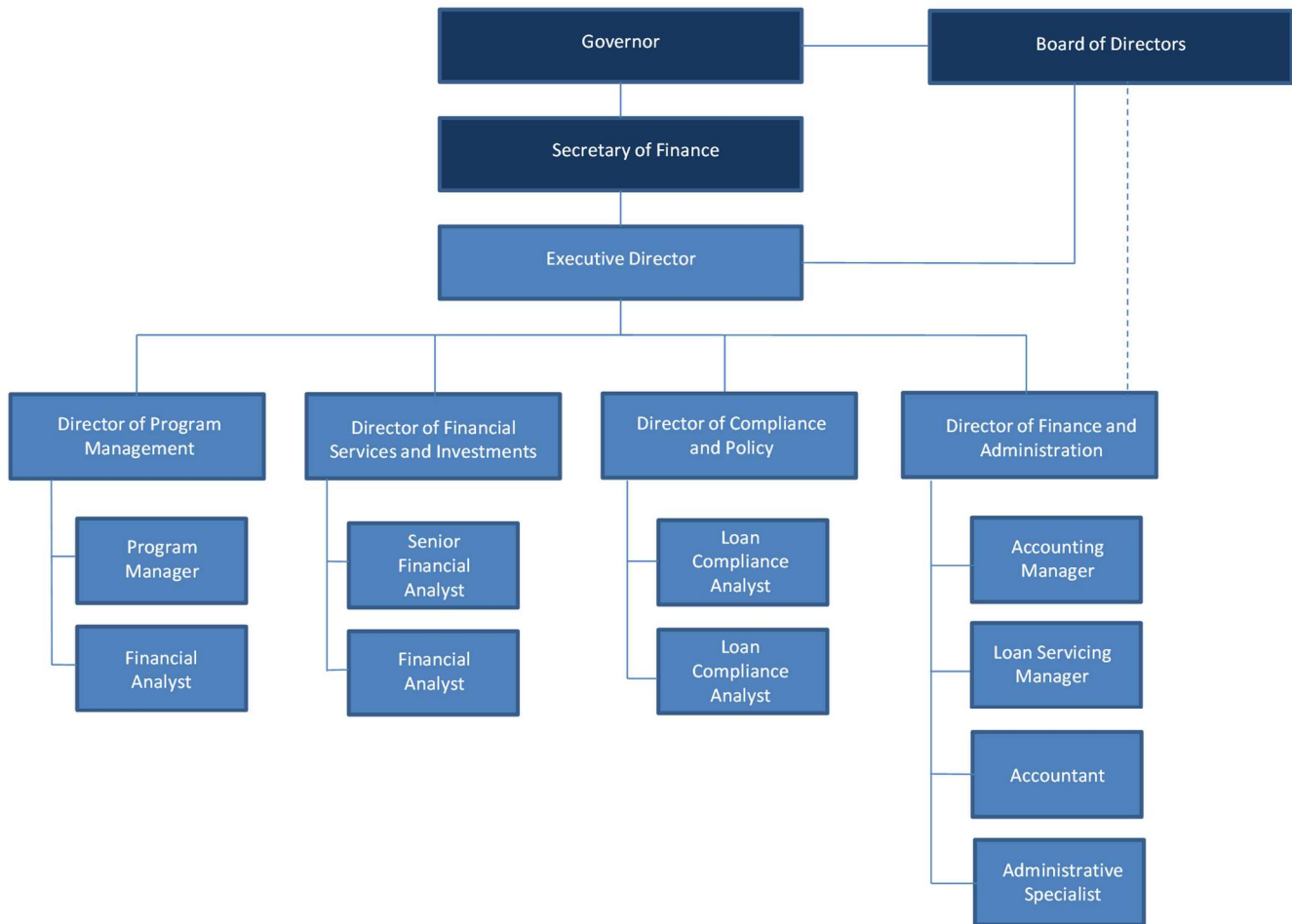


Shawn Crumlish  
Executive Director



Catherine O'Brien  
Interim Director of Finance

**Virginia Resources Authority  
Directory of Principal Officials  
June 30, 2025**



**Virginia Resources Authority  
Directory of Principal Officials  
June 30, 2025**

**Board of Directors**

Cecil “Rhu” Harris, Jr., Chairman  
Barbara McCarthy Donnellan, Vice Chairman  
David J. Branscome  
Dan Featherly  
The Honorable Scott Mayausky  
Maria Tedesco  
Dr. Charlette T. Woolridge

**Ex-Officio Board Members**

Greg Campbell  
Director of the Department of Aviation  
David Richardson  
Treasurer of Virginia  
Michael Rolband  
Director of the Department of Environmental Quality  
Dr. Karen Shelton  
State Health Commissioner

**Administrative Officials**

Shawn B. Crumlish, Executive Director  
Joe Bergeron, Director of Financial Services and Investments  
Peter D’Alema, Director of Program Management  
Catherine O’Brien, Interim Director of Finance  
Stephanie Jones, Director of Compliance and Policy



Government Finance Officers Association

Certificate of  
Achievement for  
Excellence in  
Financial  
Reporting

Presented to

**Virginia Resources Authority**

For its Annual Comprehensive Financial  
Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrell*

Executive Director/CEO

## **FINANCIAL SECTION**







## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Directors  
Virginia Resources Authority  
Richmond, Virginia

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of the Virginia Resources Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Virginia Resources Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications of Audits of Authorities, Boards and Commissions* (the Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and Specifications are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* and Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining fund financial schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

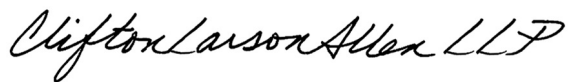
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Members of the Board of Directors  
Virginia Resources Authority

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Arlington, Virginia  
September 9, 2025

**Virginia Resources Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

This section presents management's discussion and analysis of the financial performance of the Virginia Resources Authority (Authority) during the fiscal year ended June 30, 2025. This section should be read in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

**Financial Highlights**

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$2.8 billion (net position), an increase of \$220.2 million or 8.6%. The increase in net position is primarily due to investment earnings and lending and repayment activity during the fiscal year.

Operating revenues of \$184.7 million increased 16.7% primarily due to higher investment earnings. Operating expenses of \$167.1 million increased 21.3% primarily due to a high volume of grant and principal forgiveness financing. (Principal forgiveness is the economic and functional equivalent of a grant for the VWFRF and the VWSRF.)

**Overview of the Financial Statements**

The financial section of this report consists of management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, required supplementary information and supplementary information.

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information and a section of other statistical information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets, deferred outflows, liabilities, deferred inflows and net position associated with the operation of the Authority are included in the Statement of Net Position. Net position – the difference between assets plus deferred outflows minus liabilities plus deferred inflows – is one way to measure the Authority's financial health or position.

The current fiscal year revenues and expenses of the Authority are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position which measures whether the Authority successfully recovered its costs through interest on loans, investment earnings, fees, and contributions from other governments. The Statement of Cash Flows provides information on the Authority's cash receipts, payments, and net changes in cash while providing insight into the source, use, and change in cash for the reporting period. Notes to the financial statements provide additional information that is essential to understanding data in the financial statements.

This report also includes other information, in addition to the basic financial statements and accompanying notes to the financial statements. Required Supplementary Information concerning the Authority's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to employees is separately presented. Supplementary information, consisting of the Combining Fund Schedules, supports the information in the basic financial statements by providing additional analysis of the Authority's individual programs.

**Virginia Resources Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

**Overall Financial Position Analysis**

The following table presents a summary of the Authority's financial position for fiscal years 2025 and 2024, followed by a description of significant changes:

	<b>FY2025</b>	<b>FY2024</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 904,925,680	\$ 801,690,923	\$ 103,234,757	12.9%
Investments - current	25,275,395	23,295,802	1,979,593	8.5%
Loans receivable - current	391,864,659	390,369,630	1,495,029	0.4%
Other current assets	43,357,984	49,659,625	(6,301,641)	-12.7%
Investments - noncurrent	670,559,205	529,536,871	141,022,334	26.6%
Loans receivable - noncurrent	3,991,807,703	4,037,721,556	(45,913,853)	-1.1%
Capital assets, net	758,365	971,147	(212,782)	-21.9%
Other noncurrent assets	446,544	609,810	(163,266)	-26.8%
Total assets	<u>6,028,995,535</u>	<u>5,833,855,364</u>	<u>195,140,171</u>	3.3%
Deferred outflows of resources	<u>17,473,432</u>	<u>27,609,940</u>	<u>(10,136,508)</u>	-36.7%
Total assets and deferred outflows of resources	<u>6,046,468,967</u>	<u>5,861,465,304</u>	<u>185,003,663</u>	3.2%
<b>Liabilities</b>				
Bonds and loans payable - current	226,547,431	219,766,822	6,780,609	3.1%
Accrued interest	20,448,889	20,176,105	272,784	1.4%
Other current liabilities	5,480,022	5,118,593	361,429	7.1%
Bonds and loans payable - noncurrent	2,994,726,190	3,029,947,980	(35,221,790)	-1.2%
Noncurrent liabilities	<u>4,537,173</u>	<u>3,344,849</u>	<u>1,192,324</u>	35.6%
Total liabilities	<u>3,251,739,705</u>	<u>3,278,354,349</u>	<u>(26,614,644)</u>	-0.8%
Deferred inflows of resources	<u>16,228,350</u>	<u>24,858,136</u>	<u>(8,629,786)</u>	-34.7%
<b>Net position (deficit)</b>				
Investment in capital assets	(69,166)	(39,713)	(29,453)	74.2%
Restricted	2,741,025,865	2,525,277,841	215,748,024	8.5%
Unrestricted	<u>37,544,213</u>	<u>33,014,691</u>	<u>4,529,522</u>	13.7%
Total net position	<u>2,778,500,912</u>	<u>2,558,252,819</u>	<u>220,248,093</u>	8.6%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,046,468,967</u>	<u>\$ 5,861,465,304</u>	<u>\$ 185,003,663</u>	3.2%

Total assets increased primarily due to an increase in cash and cash equivalents and investments as a result of lending and repayment activity and contributions into the Community Flood Prevention Program during the fiscal year. The decrease in total liabilities was driven by a decrease to bonds payable due to repayment activity.

**Virginia Resources Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

**Overall Revenue and Expense Analysis**

The following table presents a summary of the Authority's revenues, expenses, and change in net position for fiscal years 2025 and 2024, followed by a description of significant changes:

	<u>FY2025</u>	<u>FY2024</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Operating Revenues</b>				
Interest on loans	\$ 99,689,598	\$ 93,224,928	\$ 6,464,670	6.9%
Investment income	73,872,556	52,677,361	21,195,195	40.2%
Bond administration fees	3,299,659	3,094,272	205,387	6.6%
Loan administration fees	3,410,196	3,342,023	68,173	2.0%
Loan origination revenue	4,241,907	3,974,134	267,773	6.7%
Gain on early extinguishment of loans	173,457	1,950,544	(1,777,087)	-91.1%
Other income	1,237	-	1,237	0.0%
Total operating revenues	<u>184,688,610</u>	<u>158,263,262</u>	<u>26,425,348</u>	<u>16.7%</u>
<b>Operating Expenses</b>				
Interest on bonds and loans	97,209,936	92,408,667	4,801,269	5.2%
Bond issuance costs	3,905,368	3,415,434	489,934	14.3%
Grants to local governments	30,456,491	22,729,952	7,726,539	34.0%
Principal forgiveness loans to local governments	29,012,073	13,736,210	15,275,863	111.2%
Loss on early extinguishment of bonds	1,938,858	654,662	1,284,196	196.2%
Personnel services	1,895,288	1,937,604	(42,316)	-2.2%
General operating	817,535	870,593	(53,058)	-6.1%
Contractual services	1,646,718	1,801,536	(154,818)	-8.6%
Depreciation expense and amortization	224,151	220,931	3,220	1.5%
Total operating expenses	<u>167,106,418</u>	<u>137,775,589</u>	<u>29,330,829</u>	<u>21.3%</u>
Operating income	<u>17,582,192</u>	<u>20,487,673</u>	<u>(2,905,481)</u>	<u>-14.2%</u>
<b>Nonoperating revenues</b>				
Contributions from other governments	215,075,648	322,450,776	(107,375,128)	-33.3%
Federal interest subsidy	869,845	949,807	(79,962)	-8.4%
Total nonoperating revenue	<u>215,945,493</u>	<u>323,400,583</u>	<u>(107,455,090)</u>	<u>-33.2%</u>
<b>Nonoperating expenses</b>				
Contributions to other governments	12,436,679	320,358	12,116,321	3782.1%
Federal interest subsidy passthrough	842,913	922,875	(79,962)	-8.7%
Total nonoperating expense	<u>13,279,592</u>	<u>1,243,233</u>	<u>12,036,359</u>	<u>968.1%</u>
Change in net position	220,248,093	342,645,023	(122,396,930)	-35.7%
Beginning net position	2,558,252,819	2,215,607,796	342,645,023	15.5%
Ending net position	<u>\$ 2,778,500,912</u>	<u>\$ 2,558,252,819</u>	<u>\$ 220,248,093</u>	<u>8.6%</u>

At the end of fiscal year 2025, net position increased 8.6% to \$2.8 billion. During fiscal year 2025, operating revenues increased primarily as a result of higher investment earnings driven by larger cash and investment balances, along with a sustained above-average interest rate environment. Operating expenses increased primarily due to a higher volume of grants and principal forgiveness. Capitalization grants from the U.S. Environmental Protection Agency (EPA) require a certain amount of principal forgiveness. With increased EPA funding to the VWFRF and VWSRF, principal forgiveness increased.

**Virginia Resources Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

**Debt Administration**

As a financing entity, the Authority's purpose and objective is to issue and administer debt on behalf of other entities. The Authority issues bonds to finance infrastructure projects approved by the local governing bodies of counties, cities, towns, and service authorities of the Commonwealth of Virginia. Depending upon the program, all of the Authority's bonds are secured by either: (a) a pledge of the full faith and credit of the municipality, (b) a pledge of certain revenues of the municipality and funds and accounts established under the applicable bond resolution or indenture, and/or (c) a lease.

The Authority obtains bond ratings from one or more of the following: Moody's Investor Service (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch). The Authority, to date, has achieved an investment grade of "AA" or better on all bond issues. All Virginia Water Facilities Revolving Fund (VWFRF) and Virginia Water Supply Revolving Fund (VWSRF) leveraged issues have obtained a AAA rating from all three agencies. Under the senior (Infrastructure Revenue Bonds)/subordinate (State Moral Obligation Revenue Bonds) structure in the Virginia Pooled Financing Program, the senior portion of the structure (70%) has been rated "AAA" and the subordinate portion (30%) has been rated "AA." Ratings were affirmed on subsequent issues and ratings surveillances conducted in the last fiscal year.

See Note 6 for additional information on bonds payable.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Interim Director of Finance, Virginia Resources Authority, 1111 E. Main Street, Suite 1920, Richmond, VA 23219, or telephone (804) 644-3100. Additional information is also available on the Authority's website at [www.virginiaresources.org](http://www.virginiaresources.org)



**Virginia Resources Authority**  
**Statement of Net Position**  
**June 30, 2025**

**Assets**

Current assets:

Cash	\$ 56,205,078
Cash equivalents (Note 3)	848,720,602
Investments (Note 3)	25,275,395
Loans receivable, net of allowance (Note 4)	391,864,659
Receivables:	
Investment interest	6,008,645
Loan interest	30,387,772
Loan administrative fees	1,864,385
Federal funds	4,487,393
Other	573,542
Other assets	36,247
Total current assets	<u>1,365,423,718</u>

Noncurrent assets:

Investments (Note 3)	670,559,205
Loans receivable, net of allowance (Note 4)	3,991,807,703
Capital assets, net of accumulated depreciation and amortization (Note 5)	758,365
Net pension asset (Note 10)	444,433
Net OPEB asset (Note 12)	2,111
Total noncurrent assets	<u>4,663,571,817</u>

Total assets	<u>6,028,995,535</u>
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**Deferred Outflows of Resources**

Deferred outflows related to pensions (Note 10)	240,203
Deferred outflows related to OPEB (Notes 11, 12)	23,060
Deferred loss on refunding (Note 6)	17,210,169
Total deferred outflows of resources	<u>17,473,432</u>

Total assets and deferred outflows of resources	<u>\$ 6,046,468,967</u>
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**Liabilities**

Current liabilities:

Bonds payable, current (Note 6)	\$ 226,547,431
Accrued interest payable	20,448,889
Agency funds	2,194,224
Accounts payable and other liabilities (Note 8)	3,285,798
Total current liabilities	<u>252,476,342</u>

Noncurrent liabilities:

Net OPEB liability (Notes 11 and 12)	69,076
Bonds payable, net of current portion (Note 6)	2,994,726,190
Other accrued liabilities (Note 8)	4,468,097
Total noncurrent liabilities	<u>2,999,263,363</u>

Total liabilities	<u>3,251,739,705</u>
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**Deferred Inflows of Resources**

Deferred inflows related to pensions (Note 10)	128,974
Deferred inflows related to OPEB (Notes 11 and 12)	21,285
Deferred gain from localities on refunding (Note 6)	16,078,091
Total deferred inflows of resources	<u>16,228,350</u>

Total liabilities and deferred inflows of resources	<u>3,267,968,055</u>
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**Net position**

Net Investment in capital assets	(69,166)
Restricted (Note 7)	
Net pension asset	444,433
Net OPEB asset	2,111
Loan programs	2,732,405,859
Operating reserve	8,173,462
Unrestricted	37,544,213
Total net position	<u>2,778,500,912</u>

Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,046,468,967</u>
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*The accompanying notes to the financial statements are an integral part of this financial statement.*

**Virginia Resources Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2025**

<b>Operating revenues</b>	
Interest on loans	\$ 99,689,598
Investment income	73,872,556
Bond administrative fees	3,299,659
Loan administrative fees	3,410,196
Loan origination revenue	4,241,907
Gain on early extinguishment of bonds	173,457
Other income	1,237
Total operating revenues	<u>184,688,610</u>
<b>Operating expenses</b>	
Interest on bonds and loans	97,209,936
Bond issuance costs	3,905,368
Grants to local governments	30,456,491
Principal forgiveness loans to local governments	29,012,073
Loss on early extinguishment of loans	1,938,858
Personnel services	1,895,288
General operating	817,535
Contractual services	1,646,718
Depreciation expense and amortization	224,151
Total operating expenses	<u>167,106,418</u>
<b>Operating income</b>	<u>17,582,192</u>
<b>Nonoperating revenues</b>	
Contributions from other governments (Note 9)	215,075,648
Federal interest subsidy	869,845
Total nonoperating revenues	<u>215,945,493</u>
<b>Nonoperating expenses</b>	
Contributions to other governments	12,436,679
Federal interest subsidy pass-through	842,913
Total nonoperating expenses	<u>13,279,592</u>
Change in net position	<u>220,248,093</u>
<b>Net position - beginning</b>	<u>2,558,252,819</u>
<b>Net position - ending</b>	<u><u>\$ 2,778,500,912</u></u>

*The accompanying notes to the financial statements are an integral part of this financial statement.*

**Virginia Resources Authority**  
**Statement of Cash Flows**  
**Year Ended June 30, 2025**

<b>Cash flows from operating activities</b>	
Loan disbursements to localities	(437,424,228)
Principal repayments from localities on loans	454,909,716
Interest received on loans	125,622,704
Loan origination fees received	4,241,906
Bond administrative fees received	3,284,307
Loan administrative fees received	3,408,277
Cash received from other income	1,237
Cash payments for salaries and benefits	(2,089,962)
Cash payments for general operating expenses	(814,318)
Cash payments for contractual services	(1,649,230)
Cash payments for operating grants	(30,456,491)
Cash payments for principal forgiveness loans to local governments	(29,012,073)
Interest paid on bonds and loans	(126,001,359)
Loss on extinguishment of bonds	(1,765,401)
Agency funds received	(744,630)
Interfund activity	23,514
<b>Net cash used in operating activities</b>	<b>(38,466,031)</b>
<b>Cash flows from noncapital financing activities</b>	
Proceeds from sale of bonds	296,658,636
Bond issuance costs	(3,905,368)
Principal paid on bonds and loans	(294,305,000)
Cash paid to escrow for defeased bonds	(17,814,684)
Arbitrage rebate	333,575
Proceeds from Federal interest subsidy	869,845
Cash payments to localities for Federal interest subsidy	(842,914)
Contributions from other governments	223,762,117
Contributions to other governments	(12,436,679)
Cash received (paid) from other accounts	-
<b>Net cash provided by noncapital financing activities</b>	<b>192,319,528</b>
<b>Cash flows from capital and financing related activities</b>	
Purchase of office equipment	(11,369)
Lease payments	(203,184)
<b>Net cash used in noncapital financing activities</b>	<b>(214,553)</b>
<b>Cash flows from investing activities</b>	
Purchase of investments	(336,165,288)
Proceeds from sales or maturities of investments	219,721,983
Interest received on investments - net	66,039,118
<b>Net cash provided by investing activities</b>	<b>(50,404,187)</b>
<b>Net increase in cash and cash equivalents</b>	<b>103,234,757</b>
<b>Cash and cash equivalents - July 1</b>	<b>801,690,923</b>
<b>Cash and cash equivalents - June 30</b>	<b>\$ 904,925,680</b>
<b>Reconciliation to the Statement of Net Position</b>	
Cash	\$ 56,205,078
Cash equivalents	848,720,602
	<b>\$ 904,925,680</b>

*The accompanying notes to the financial statements are an integral part of this financial statement.*

**Virginia Resources Authority**  
**Statement of Cash Flows (Continued)**  
**Year Ended June 30, 2025**

**Reconciliation of operating income to net cash used in operating activities**

Operating income	\$ 17,582,192
Depreciation and amortization expense	224,151
Pension expense	(522)
Current year pension contributions subsequent to the measurement date	(38,141)
OPEB expense	(132,970)
Current year OPEB contributions subsequent to the measurement date	(10,936)
Interest on investments	(73,870,572)
Bond issuance costs	3,905,368
Interest, amortization and accretion - net	(3,397,973)
Effect of changes in operating assets and liabilities:	(169,898)
Loans receivable	63,982,178
Loan interest receivable	(47,412,979)
Loan administrative fee receivable	(72,434)
Other assets	9,389
Deferred charges	2,252,618
Other current assets	(541,868)
Accounts payable and other liabilities	(773,634)
Due to other accounts	-

<b>Net cash used in operating activities</b>	<b>\$</b>	<b><u>(38,466,031)</u></b>
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**Schedule of non-cash activities**

Change in fair value of assets	\$ <u>6,328,079</u>
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*The accompanying notes to the financial statements are an integral part of this financial statement.*

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 1 – Organization and Nature of Activities**

The Virginia Resources Authority (Authority or VRA) was created in 1984 by an Act of the General Assembly of the Commonwealth of Virginia. The Authority encourages the investment of both public and private funds and is authorized to make loans and grants available to local governments to finance such projects as water, sewer, storm drainage, solid waste disposal, federal facilities, public safety, aviation, brownfield remediation, transportation, Chesapeake Bay cleanup, dam safety, land conservation and preservation, local government buildings, energy, parks and recreation facilities, and broadband. Subsequent General Assembly legislation added projects for administrative and operations systems and site acquisition and development for economic and community development to include the production and preservation of housing. The Authority's enabling legislation states that the bonds issued by the Authority do not constitute a debt or pledge of the full faith and credit of the Commonwealth of Virginia (Commonwealth) or any political subdivision thereof, other than the Authority. The bonds are payable solely from the revenue, money, or property of the Authority pledged thereon. The Authority is, however, empowered to issue bonds secured by the moral obligation of the Commonwealth, of which a maximum of \$1.5 billion may be outstanding at any time.

The Authority is governed by a Board of Directors consisting of eleven members. Seven members are appointed to four-year terms by the Governor, subject to confirmation by the General Assembly. Other members consist of the State Treasurer, the State Health Commissioner, the Director of the Department of Environmental Quality, and the Director of the Department of Aviation. The Governor appoints the Chairman of the Board. The Governor also appoints the Executive Director of the Authority, who reports to but is not a member of the Board of Directors. The Executive Director serves as the ex-officio secretary of the Board of Directors and administers, manages and directs the affairs and activities of the Authority, in accordance with the policies and under the control and direction of the Board of Directors.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other similar types of funds, are included as a discretely presented component unit of the Commonwealth. The financial statements of the Authority include the activities of the Authority's pooled bond program, the Virginia Water Facilities Revolving Fund, the Virginia Water Supply Revolving Fund, the Virginia Airports Revolving Fund, the Virginia Dam Safety and Flood Prevention Fund, the Virginia Transportation Infrastructure Bank, the Virginia Brownfield Restoration and Economic Development Assistance Fund, the Virginia SAVES Green Community Program, the Virginia Tobacco Region Revolving Fund, and the Community Flood Preparedness Fund, which are described in more detail below.

The Authority's pooled bond program serves to provide cost-effective and efficient access to the bond markets to local government borrowers throughout Virginia by issuing bonds used to fund loans to local borrowers. The program is structured so that the maturities of principal and interest payments are matched, virtually eliminating interest rate risk within the portfolio. Yields on the loans to local borrowers are designed to slightly exceed the yields on the bonds issued to fund the program, in order to support administrative and other costs related to the program.

The Virginia Water Facilities Revolving Fund (VWFRF) was created in 1986 and received its first state appropriation on July 1, 1987. The VWFRF's purpose is to make below-market interest rate loans to municipalities under the Environmental Protection Agency's (EPA) Capitalization Grants for State Revolving Funds. The Authority and the Commonwealth's Department of Environmental Quality (DEQ) jointly administer the program. The accounts of the VWFRF are in these financial statements, except for certain administrative expenses incurred by the DEQ for the VWFRF and the associated reimbursement of the federal share of these expenses is included in the financial statements of the DEQ.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Until 1999, the sole source of financial assistance to localities for wastewater projects under the VWFRF was the Direct Loan program. The available resources for the Direct Loan program, however, were determined to be insufficient to meet the demand for financial assistance from municipalities. In response, the Authority and DEQ, with the concurrence of the EPA, decided to leverage the VWFRF through the issuance of bonds.

The Authority is authorized to transfer assets of the VWFRF to funds and accounts pledged to collateralize bonds issued by the Authority. Such assets consist of federal capitalization grants, Commonwealth Matching Share funds, and any other monies appropriated or otherwise deposited by the Commonwealth to the VWFRF, including amounts repaid by municipalities to the VWFRF from loans represented by the local bonds, and earnings on the investment of any of the foregoing. The Authority and DEQ still make Direct Loans from the VWFRF, but by leveraging the VWFRF, the Authority can provide financing for more projects than before.

During 1999, the General Assembly expanded the scope of the VWFRF by allowing the State Water Control Board to loan money for the construction of facilities or structures supporting environmental goals of agricultural best management practices, commonly referred to as Agriculture Best Management Practices (AgBMP) loans. The program provides below-market rate loans to incent implementation of AgBMPs that results in reduced agricultural nonpoint source pollution of Virginia waters. To date, \$25 million has been set aside from the VWFRF to fund the program. The accounts of this program are combined with those of the VWFRF in the Authority's financial statements.

The Virginia Water Supply Revolving Fund (VWSRF) was created in 1987 and received its first state appropriation on July 1, 1988. In 1997, the VWSRF was updated to align with the Safe Drinking Water Act Amendments of 1996, which allowed the establishment of a drinking water state revolving loan fund. The VWSRF's purpose is to make below-market interest rate loans to local governments to finance water supply facilities and certain non-construction activities under the EPA's Capitalization Grants for State Revolving Funds. The Authority and the Commonwealth of Virginia Department of Health (VDH) jointly administer the program. The accounts of the VWSRF are in these financial statements, except for certain administrative expenses incurred by the VDH for the VWSRF and the associated reimbursement of these expenses, which are included in the financial statements of the VDH.

The Authority is authorized to transfer assets of the VWSRF to funds and accounts pledged to collateralize bonds issued by the Authority. Such assets consist of loans, federal capitalization grants, Commonwealth Matching Share funds, and any other monies appropriated or otherwise deposited by the Commonwealth to the VWSRF, including amounts repaid by municipalities to the VWSRF from loans represented by the local bonds, and earnings on the investment of any of the foregoing. The Authority and VDH still make Direct Loans from the VWSRF, but by leveraging the VWSRF, the Authority can provide financing for more projects than before.

In 2000, the Virginia Airports Revolving Fund (VARF) was funded with \$25 million. The VARF finances local government-owned aviation projects at discounted rates for general aviation, reliever, and commercial airports across Virginia. In February 2001, the first bonds were issued by the Authority, which leveraged VARF to provide funds for loans to three of Virginia's airports. In June 2002, \$2 million was returned to the Commonwealth to be used for other purposes. The VARF can also make direct loans out of current balances, released bond proceeds, and newly appropriated funds.

The Virginia Dam Safety and Flood Prevention Fund (VDSFPF) was created in 2006 and received its first appropriation from existing Commonwealth funds on July 1, 2006. The VDSFPF's purpose is to make grants or loans to local governments for the development and implementation of flood prevention or protection projects, or for flood prevention or protection studies. In addition, the VDSFPF can be used to

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

make grants or loans to local governments owning dams and to make loans to private entities for the design, repair and the safety modifications of qualifying dams, and to make grants for the mapping and digitization of dam break inundation zones. The VDSFPF's enabling legislation provides that the Authority and the Virginia Department of Conservation and Recreation (VDCR) jointly administer the program.

The Virginia Transportation Infrastructure Bank (VTIB) was created during the 2010 General Assembly Session to finance the design and construction of roads and highways, including toll facilities, mass transit, freight, passenger and commuter rail, including rolling stock, port, airport and other transportation facilities. The Authority is the manager of VTIB and performs certain duties under an agreement with the Commonwealth Transportation Board and the Secretary of Finance. VTIB is capitalized with appropriations by the General Assembly. VTIB is a sub-fund of the Transportation Trust Fund and only reimbursement and expenses incurred are reflected in the Authority's financial statements.

The Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VBAF) was created in 2002 for the purposes of promoting the restoration and redevelopment of brownfield sites and to address environmental problems or obstacles to reuse so that these sites can be effectively marketed to new economic development prospects. Funds were generally not available in the VBAF until 2012. The Virginia Economic Development Partnership, DEQ, and the Authority jointly administer the VBAF.

The Virginia SAVES Green Community Program (VGCP) was established in 2015 to provide lower financing costs for energy efficiency, renewable energy generation and alternative fuel projects. The program takes advantage of Qualified Energy Conservation Bonds (QECBs), allocated under the Governor of Virginia's Executive Order 36. The program is sponsored by Virginia Energy, formerly the Department of Mines Minerals and Energy, and administered jointly by CleanSource Capital and Abundant Power. The Virginia Small Business Financing Authority and the Authority serve as conduit issuers for the program.

The Virginia Tobacco Region Revolving Fund (VTRRF) was established in 2016 to create a long-term mechanism to fund revenue-generating economic revitalization projects in the tobacco region, and to recycle loan repayments to assist future projects. Funds were generally not available in the VTRRF until 2017. The Virginia Tobacco Region Revitalization Commission selects projects to be sent to VRA for credit analysis prior to a potential loan offer. VRA is the manager of the Virginia Tobacco Community and Business Lending Program (VTCBLP) and performs certain duties under an agreement with the Virginia Tobacco Region Revitalization Commission.

The Community Flood Preparedness Fund (CFPF), established in the 2020 General Assembly session, assists localities and their residents affected by recurrent flooding, sea level rise, and flooding from severe weather events through a grant and loan program. The CFPF enabling legislation provides that the Authority and the Virginia Department of Conservation and Recreation jointly administer the program.

Resilient Virginia Revolving Fund (RVRF), established in the 2022 General Assembly session, provides funding for hazard mitigation and infrastructure improvements for resilience purposes and projects identified in the Virginia Flood Protection Master Plan or the Virginia Coastal Resilience Master Plan. The RVRF was initially capitalized with a \$25 million transfer from the CFPF and then with a \$100 million appropriation from the Commonwealth in 2023. The RVRF enabling legislation provides that the Authority and the Virginia Department of Conservation and Recreation jointly administer the program.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 2 – Summary of Significant Accounting Policies**

**Measurement Focus and Basis of Accounting**

The funds of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounts of the Authority are organized on the basis of programs and activities, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, operating revenues, operating expenses and other non-operating revenue and expenses. All of the Authority's programs and activities are reported as a single reporting entity conforming to GAAP.

The preparation of financial statements, in conformity with GAAP, requires management of the Authority to make estimates and judgments that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

**Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Net Position**

*Cash equivalents* – For purposes of the Statement of Cash Flows, cash equivalents are restricted to investments with original remaining maturities when purchased of three months or less.

*Fair value measurements* – The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

*Investments* – Investments, principally U.S. government obligations, corporate obligations, asset-backed securities, negotiable certificates of deposits, and municipal bonds, are carried at fair value with the change in fair value recognized as a component of interest on investments. The Authority also participates in the Commonwealth of Virginia Local Government Investment Pool (LGIP), a non-SEC registered external pool rated AAAsf/S1 by S&P Global Ratings (S&P). The LGIP is managed in a manner consistent with Securities and Exchange Commission Rule 2a-7 money market fund requirements and the fair value of the position in the LGIP is the same as the value of the pool shares. Pursuant to Sections 2.2-4600 through 2.2-4606 of the *Code of Virginia*, the Treasury Board of the Commonwealth of Virginia is authorized to administer the LGIP program. As permitted by law, the Treasury Board has delegated administrative aspects of managing the LGIP program to the State Treasurer, subject to the regulations and guidelines established by the Treasury Board.

*Loans receivable, discounts, and premiums* – Loans receivable are reported at the unpaid principal balances, net of an allowance for loan losses, if any. The Authority receives fees relating to the origination of loans. Certain of these fees are received at the origination of a loan and other fees are received over the life of the related loans. The fees received at the origination of a loan are recorded as loan origination revenue while fees received over the life of the related loan are recorded as loan administration fees and bond administration fees in the Statement of Revenues, Expenses, and Changes in Net Position. Loan discounts and premiums are amortized over the lives of the related loans using the effective interest method.

*Allowance for loan losses* – The allowance for loan losses is maintained to cover possible losses inherent in the loan portfolio based on management's evaluation of the loan portfolio, giving consideration to various factors, including collateral value, past loan loss experience, current facts, and economic conditions. The allowance is based on management's estimates, and ultimate losses may vary from current estimates. An



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

annual review is performed on a risk-based sample of borrowers in VRA's loan portfolio. The review includes performing various liquidity ratios and reviewing rate covenant calculations on existing loans to identify any potential issues with loan repayments. In addition to an annual review, the Authority actively monitors borrower information for any potential impacts to loan repayments throughout the year.

*Capital assets* – Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and a useful life greater than one year. Such assets are recorded at historical cost and are depreciated over the useful life of the asset using the straight-line method. The Authority follows the Commonwealth's Accounting Policies and Procedures Manual (CAPP) for assigning estimated useful lives to its capital assets. The CAPP assigns an estimated useful life of 5 years to office furniture, fixtures, and equipment.

*Right to use assets* – The Authority has recorded right to use lease assets in conformity with GAAP. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. The lease capitalization threshold is \$50,000.

*Deferred outflows of resources* – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Authority has three items that qualify for reporting in this category: accounting loss on debt refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to OPEB. Deferred losses on refundings are recognized as a component of interest expense over the shorter of the life of the old debt or new debt. Deferred outflows of resources related to pensions are amortized and recognized in pension expense over various predetermined closed periods. Deferred outflows of resources related to OPEB are amortized and recognized in OPEB expense over various predetermined closed periods.

*Bond discounts and premiums* – Bond discounts and premiums are amortized over the lives of the related issues using the effective interest method.

*Arbitrage rebate liability* – The amount of interest on investments of tax-exempt bond proceeds the Authority may earn is limited by certain federal legislation. Earnings in excess of the allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are determined through arbitrage rebate calculations, with the arbitrage rebate liability reported on the Authority's financial statements. The Authority treats the estimated rebate payable as a reduction of available resources in the program that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount with a corresponding arbitrage rebate liability reported. The Authority contracts with arbitrage rebate specialists to perform the arbitrage rebate calculations as required.

*Compensated absences* – The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, one type of leave qualifies for liability recognition for compensated absences – vacation leave. The liability for compensated absences is reported as incurred in the Authority's financial statements. The liability for compensated absences includes salary-related benefits, where applicable. The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. The Authority provides for accumulation of paid time off (PTO) leave with a maximum accumulation of up to 520 hours of unused PTO leave. Employees are paid for unused, earned PTO upon

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

separation of employment, with a maximum payout of 240 hours. Individuals employed by the Authority prior to August 1, 2010 are subject to a higher maximum payout cap of 340 hours.

*Pensions* – The Authority participates in the Virginia Retirement System (VRS), a multi-employer, agent plan. For purposes of measuring the net pension asset, deferred outflows of resources and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's retirement plan and the additions to/deductions from the Authority's retirement plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Other Postemployment Benefits, Group Life Insurance Program* – The Authority participates in the VRS Group Life Insurance Program, a multiple-employer, cost-sharing plan. The Group Life Insurance Program was established pursuant to §51.1-500 of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Group Life Insurance Program OPEB and the additions to/deductions from the Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Other Postemployment Benefits, Virginia Local Disability Program* – The Authority participates in the VRS Political Subdivision Employee Virginia Local Disability Program (VLDP), a multiple-employer, cost-sharing plan. For purposes of measuring the net VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB, and the VLDP OPEB expense, information about the fiduciary net position of the VLDP OPEB and the additions to/deductions from the VLDP OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Retiree Benefits, Health Insurance Participation* – Effective July 1, 2018, the Authority began offering retirees the option to participate in the Authority's healthcare plan. The Plan may be modified or discontinued at any time by the Authority's Board of Directors. Retirees pay all premiums and are eligible to participate in the Plan upon retiring at 50 years old with ten years of service with the Authority or 55 years old with five years of service with the Authority. Management evaluates the Authority's healthcare plan annually and has determined that any associated liabilities of the plan are immaterial to the financial statements taken as a whole. As such, the liability associated with this plan is not presented in the Authority's financial statements.

*Deferred inflows of resources* – In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Authority has three items that qualify for reporting in this category: deferred gains on debt refundings, deferred inflows of resources related to pensions, and deferred inflows related to OPEB. Deferred gains on refundings are recognized as a component of interest expense over the shorter of the life of the old debt or new debt. Deferred inflows of resources related to pensions are amortized and recognized in pension expense over various predetermined closed periods. Deferred inflows of resources related to OPEB are amortized and recognized in OPEB expense over various predetermined closed periods.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

*Net position* – Components of net position include the following:

- Net investment in capital assets amounts are those associated with non-liquid, capital assets, less any associated outstanding debt
- Restricted amounts represent the portion of total net position restricted for the purpose of making loans to local governments or by the requirements of the various bond indentures or federal and state regulations for the various revolving funds
- Unrestricted amounts are those currently available at the discretion of the Authority's Board for use in the Authority's operations

**Revenues and Expenses**

*Pass-through grants* – The Authority accounts for grants or other financial assistance that is transferred to a secondary recipient as revenues and expenses.

*Operating and non-operating revenues and expenses* – The Authority's policy is to report all revenues and expenses resulting from providing services in connection with the Authority's ongoing operations, including interest revenues from loans and investments as well as interest expense on bonds payable, as operating revenues and expenses since such revenues and expenses are integral to the operations of the Authority. All revenues and expenses not meeting the above criteria are reported as non-operating revenues and expenses.

**Cash Flow Reporting**

All cash flows related to bond issuance and administration are included in cash flows from non-capital financing activities on the Statement of Cash Flows. All cash flows related to investment activity are included in cash flows from investing activities on the Statement of Cash Flows.

**Note 3 – Cash, Cash Equivalents, and Investments**

Cash is held in accounts that are insured by the Federal Deposit Insurance Corporation or are collateralized under provisions of the Commonwealth of Virginia Security for Public Deposits Act, Sec. 2.2-4400 et. seq. of the *Code of Virginia*. There were no amounts that were uninsured or uncollateralized at June 30, 2025.

**Fair Value of Investments**

The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

At June 30, 2025, the Authority had the following recurring fair value measurements:

<b>Investments by Fair Value</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Agency Mortgage Backed	\$ 22,065,401	\$ -	\$ 22,065,401	\$ -
Asset Backed Securities	125,168,600	-	125,168,600	-
Corporate Bonds and Notes	171,537,578	-	171,537,578	-
Municipal Securities	91,100	-	91,100	-
Negotiable Certificates of Deposit	6,877,816	-	6,877,816	-
U.S. Agency Securities	4,706,015	-	4,706,015	-
U.S. Treasury Securities	254,421,780	-	254,421,780	-
	<u>\$ 584,868,290</u>	<u>\$ -</u>	<u>\$ 584,868,290</u>	<u>\$ -</u>

**Investments Using Other Measurements**

Guaranteed Investment Contracts	13,415,566
LGIP	844,900,238
Money Market Funds – Government	3,820,351
U.S. Treasury SLGS	97,550,757
	<u>959,686,912</u>

Total investments	<u>\$1,544,555,202</u>
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**Reconciliation to Statement of Net Position**

Cash equivalents	\$ 848,720,602
Investments – current	25,275,395
Investments – noncurrent	670,559,205
	<u>\$1,544,555,202</u>

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Guaranteed investment contracts are measured on a cost-basis. Investments in the Local Government Investment Pool (LGIP) are measured at the net asset value per share. Money market funds are measured using amortized cost. U.S. Treasury SLGS are reported at historical cost.

**Investment Policy**

In accordance with the *Code of Virginia* (1950), as amended, and other applicable laws and regulations, the Authority's investment policy (Policy) permits investments in U.S. Government or Agency obligations, Supranationals, obligations of the Commonwealth of Virginia or political subdivisions thereof, negotiable certificates of deposit, negotiable bank deposit notes, repurchase agreements, bankers' acceptances, prime quality commercial paper, corporate notes of domestic corporations, mortgage or asset backed securities, money market funds, guaranteed investment contracts (GICs), and the State Treasurer's LGIP portfolio.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

As of June 30, 2025, the Authority had the following cash equivalents and investments:

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Agency Mortgage Backed	\$ 22,065,401	\$ 1,395,412	\$ 20,669,735	\$ 254	\$ -
Asset Backed Securities	125,168,600	88,852	120,622,618	4,457,130	-
Corporate Bonds and Notes	171,537,578	7,449,275	164,088,303	-	-
Guaranteed Investment Contracts	13,415,566	2,902,002	10,513,564	-	-
LGIP	844,900,238	844,900,238	-	-	-
Money Market Funds – Govt.	3,820,351	3,820,351	-	-	-
Municipal Securities	91,100	-	91,100	-	-
Negotiable Certificates of Deposit	6,877,816	-	6,877,816	-	-
Supranationals	-	-	-	-	-
U.S. Agency Securities	4,706,015	-	4,706,015	-	-
U.S. Treasury Securities	254,421,780	1,071,569	237,038,266	10,353,367	5,958,578
U.S. Treasury SLGS	97,550,757	12,368,285	18,078,215	21,969,542	45,134,715
	<u>\$1,544,555,202</u>	<u>\$873,995,984</u>	<u>\$582,685,632</u>	<u>\$36,780,293</u>	<u>\$51,093,293</u>

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority places emphasis on securities of high credit quality and marketability.

The Policy requires that bankers' acceptances maturing within one year have a rating of no less than "P-1" by Moody's Investors Service (Moody's) and "A-1" by S&P Global Ratings (S&P). Negotiable certificates of deposit and negotiable bank notes maturing within one year must have at least two of the following ratings: "P-1" by Moody's, "A-1" by S&P, and "F-1" by Fitch Ratings Inc. (Fitch). Negotiable certificates of deposit and negotiable bank notes with maturities over one year but less than five years must have at least two of the following ratings: "Aa" by Moody's, "AA" by S&P, and "AA" by Fitch. Commercial paper must have a short-term debt rating of "P-1", "A-1" or "F-1" from at least two nationally recognized rating agencies, which can only include Moody's, S&P, or Fitch. Municipal obligations, must have no less than a "Aa" rating by Moody's and "AA" by S&P. For corporate notes and bonds maturing in less than five years, each issuer must receive two ratings of at least "A" by Moody's, S&P, or Fitch.

Asset backed securities and Supranationals maturing in less than five years must have a "AAA" rating by at least two nationally recognized rating agencies, which can only include Moody's, S&P, or Fitch. GICs must be held with financial institutions with long-term credit ratings of at least "Aa" by Moody's or "AA" by S&P. The various bond indentures require that bond fund investments, or any collateralizing securities, have no less than an "AA" rating by at least one nationally recognized rating agency.

Although Virginia statute does not impose credit standards on repurchase agreements or money market mutual funds, the Authority has established stringent credit standards for these investments to minimize portfolio risk.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

At June 30, 2025, the Authority had the following cash equivalent and investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Percent of Portfolio</b>
Agency Mortgage Backed	\$ 22,065,401	AA+	Aa1	1.43%
Asset Backed Securities	125,168,600	AAA	Aaa	8.10%
Corporate Bonds and Notes (Aaa)	1,836,402	AAA	Aaa	0.12%
Corporate Bonds and Notes (Aa1-Aa3)	54,582,871	AA to A	Aa2 to Aa3	3.53%
Corporate Bonds and Notes (A1 to A3)	113,783,839	AA to BBB+	A1 to A3	7.37%
Corporate Bonds and Notes (Baa1)	1,334,466	A-	Baa1	0.09%
Guaranteed Investment Contracts	13,415,566	AA+	Aa3	0.87%
LGIP	844,900,238	AAAm	-	54.70%
Money Market Funds - Government	3,820,351	AAAm	-	0.25%
Municipal Securities	91,100	AA-	Aa2	0.01%
Negotiable Certificates of Deposit	6,877,816	A+	Aa2 to A1	0.45%
U.S. Agency Securities	4,706,015	AA+	Aa1	0.30%
U.S. Treasury Securities	254,421,780	AA+	Aa1	16.47%
U.S. Treasury SLGS	97,550,757	AA+	Aa1	6.9%
	<u>\$ 1,544,555,202</u>			<u>100.0%</u>

The guaranteed investment contracts (GICs) were entered into based upon the credit rating of the GIC provider. The Moody's ratings of the GIC providers is as follows:

<b>Provider</b>	<b>Fair Value</b>	<b>Moody's Rating</b>	<b>Percent of Portfolio</b>
MassMutual	\$ 13,415,566	Aa3*	1.2%

\*The entire GIC balance is collateralized with US Treasury and Agency securities.

**Concentration of Credit Risk**

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single source.

The Policy establishes limitations on portfolio composition to control the concentration of credit risk. The maximum percentage of the portfolio permitted in each security (by fund type) is as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Percentage of Portfolio</b>	<b>Maximum</b>
Agency mortgage backed	\$ 22,065,401	1.6%	25%
Asset backed securities	125,168,600	8.9%	30%
Corporate bonds and notes	171,537,578	12.2%	40%
LGIP	844,900,238	59.9%	100%
Money market funds – Government	306,905	0.02%	100%
Municipal securities	91,100	0.01%	25%
Negotiable certificates of deposit	6,877,816	0.49%	25%
U.S. Treasury securities	231,893,936	16.5%	100%
U.S. Treasury SLGS	6,503,619	0.5%	100%
	<u>\$1,409,345,193</u>	<u>100.0%</u>	

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Reconciliation to Total Cash Equivalents and Investments**

General and Program Funds	\$1,409,345,193
Bond Funds*	<u>135,210,009</u>
	<u>\$1,544,555,202</u>

\*Proceeds from and deposits related to the issuance of VRA bonds (Bond Funds) are held in trust by the various trustee banks under a separate Indenture of Trust and, under certain circumstances, a Supplemental Indenture of Trust (collectively, “Indentures”) for each bond issue. The Policy does not establish limitations on the portfolio composition in the Bond Funds. However, the investment of Bond Funds must be diversified in such a manner to ensure the preservation of principal.

Bond Fund investments are governed by Indentures authorizing the Authority or its trustee to invest generally in obligations of the U.S. Government, the Commonwealth of Virginia, or its political subdivisions (except the Farm Credit System for all bond series issued in 1985 and 1986) and Virginia SNAP. The Indentures authorize the Authority to enter into repurchase agreements with any bank, as principal and not as an agent, having a combined capital, surplus and undivided profits of not less than \$50 million. In addition, the collateralizing securities must have a fair market value equal to at least 100% of the amount of the repurchase obligation plus accrued interest.

The Policy also establishes limitations on portfolio composition by issuer in order to further control concentration of credit risk. No more than 4% of the Authority’s portfolio will be invested in the securities of any one issuer with the exception of: (1) the U.S. Government or Agencies thereof, (2) the LGIP, (3) fully insured/collateralized certificates of deposit or repurchase agreements that are collateralized by the U.S. Government or Agencies thereof, and (4) mutual funds whereby the portfolio is limited to U.S. Government or Agency Securities.

**Interest Rate Risk**

Interest rate risk is the risk that changes in the interest rate environment will adversely affect the fair value of a fixed rate investment. The Authority has selected the Segmented Time Distribution method of disclosure. As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits individual investments to a stated maturity of no more than five years from the date of settlement, except for mortgage and asset backed securities which are limited to a final maturity of not exceeding ten years. The average maturity of the portfolio, except for the general accounts, may not exceed three years. The average maturity of the general accounts may not exceed four years.

Proceeds from the sale of bonds must be invested in compliance with specific requirements of the bond covenants and may be invested in securities with longer maturities.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

As of June 30, 2025, the Authority had the following investments and maturities:

**General and Program Funds**

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Agency Mortgage Backed	\$ 22,065,401	\$ 1,395,412	\$ 20,669,735	\$ 254	\$ -
Asset Backed Securities	125,168,600	88,852	120,622,618	4,457,130	-
Corporate Bonds and Notes	171,537,578	7,449,275	164,088,303	-	-
LGIP	844,900,238	844,900,238	-	-	-
Money Market Funds – Govt.	306,905	306,905	-	-	-
Municipal Securities	91,100	-	91,100	-	-
Negotiable Certificates of Deposit	6,877,816	-	6,877,816	-	-
U.S. Treasury Securities	231,893,936	-	231,893,936	-	-
U.S. Treasury SLGS	6,503,619	1,552,000	4,951,619	-	-
	<u>\$1,409,345,193</u>	<u>\$855,692,682</u>	<u>\$549,195,127</u>	<u>\$4,457,384</u>	<u>\$ -</u>

Average maturity of investments 1.00 years

**Bond Funds**

Investment Type	Fair Value	Investment Maturities			
		Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Guaranteed Investment Contracts	\$ 13,415,566	\$ 2,902,002	\$ 10,513,564	\$ -	\$ -
Money Market Funds – Govt.	3,513,446	3,513,446	-	-	-
U.S. Agency Securities	4,706,015	-	4,706,015	-	-
U.S. Treasury Securities	22,527,844	1,071,569	5,144,330	10,353,367	5,958,578
U.S. Treasury SLGS	91,047,138	10,816,285	13,126,596	21,969,542	45,134,715
	<u>\$ 135,210,009</u>	<u>\$ 18,303,302</u>	<u>\$ 33,490,505</u>	<u>\$32,322,909</u>	<u>\$51,093,293</u>

Average maturity of investments 9.05 years

**Custodial Credit Risk**

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The Authority's deposits at June 30, 2025 are insured by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire assets of the collateral pool become available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro-rata basis to the members of the pool.

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Policy requires that all investments or collateral securities purchased for the



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Authority be held by the Authority's designated custodian where the securities must be in the Authority's name and identifiable on the custodian's books as belonging to the Authority and the custodian must be a third party, not a counterparty to the investment transaction. As of June 30, 2025, all of the Authority's investments were held by the Authority's custodial bank in the Authority's name.

**Note 4 – Loans Receivable**

The Authority has outstanding loans to various localities and other governmental entities in the Commonwealth of Virginia. Certain of these loans are secured by a pledge of the revenues from the lease, system-appropriate revenues, and certain other funds and assets of the entities. Other loans are secured by the full faith and credit of the borrowing entity. A summary of loans receivable as of June 30, 2025:

Loan receivables related to bond issues:	
VPFP	\$ 2,574,001,693
VWFRF – Pledged	905,255,848
VWSRF – Pledged	78,348,889
Unamortized discounts/premiums, net	130,913,656
	<u>3,688,520,086</u>

Loan receivables related to revolving loan funds:	
VWFRF	506,547,906
VWFRF – AgBMP	8,970,360
VARF	26,471,638
VWSRF	151,008,491
VTRRF	1,371,685
Direct Loan Program	1,179,794
	<u>695,549,874</u>

Total loans receivable	4,384,069,960
Less: allowance for loan losses	(397,598)
Total loans receivable, net of allowance	<u>\$ 4,383,672,362</u>

Loans receivable – current	\$ 391,864,659
Loans receivable – noncurrent	3,991,807,703
Total loans receivable, net of allowance	<u>\$ 4,383,672,362</u>

Bonds secured by the Commonwealth's moral obligation all have bond indentures that require either the Authority or the borrower to deposit with the trustee an amount of funds, known as capital reserve funds, relating to the annual principal and interest payments required on the bonds. These capital reserve funds are available for use by the Authority to pay debt service on the bonds if the borrower defaults on any interest or principal payment on the loans. Capital reserve funds are included as investments in the accompanying Statement of Net Position.

If the Authority is required to use any of these capital reserve funds, the Governor of the Commonwealth of Virginia is required to include in the budget presented to the General Assembly, as an agency request for informational purposes only, the amount necessary to replenish the capital reserve fund to the required level. The General Assembly is under no obligation to pass the budget as presented by the Governor. Any amounts so replenished must be repaid by the Authority to the Commonwealth of Virginia, without interest, from excess operating revenues, as defined, of the Authority, to the extent available.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Loans that are outstanding related to bond issuances have rates that range from 0.187% to 6.29% and final maturities that range from FY2025 to FY2055.

The Authority also has outstanding loans to various localities and other governmental entities in the Commonwealth of Virginia from the VWFRF, VWSRF, VARF, and VTRRF. These loans range in final maturity from FY2026 to FY2055 and accrue interest at various rates ranging from 0% to 4.87%.

As of June 30, 2025, the Authority is also obligated under outstanding commitment letters and undisbursed loans and grants to disburse approximately:

<b>Program</b>	<b>Committed (loan or grant closed)</b>	<b>Commitment letter (loan or grant not closed)</b>	<b>Total</b>
VWFRF	\$ 215,218,112	\$ 221,540,187	\$ 436,758,299
VWSRF	62,686,684	71,151,477	133,838,161
VARF	1,092,104	-	1,092,104
VTIB	-	-	-
VBAF	144,952	-	144,952
VTRRF	29,049	-	29,049
VTCBLP	893,363	-	893,363
Direct Loan Program	-	-	-
CFPF	123,795,712	-	123,795,712
DSFP	6,771,159	-	6,771,159
<b>Total</b>	<b>\$ 410,631,135</b>	<b>\$ 292,691,664</b>	<b>\$ 703,322,799</b>

As of June 30, 2025, the AgBMP loans, included within the VWFRF accounts, were determined to have a need for an allowance for loan losses for \$177,578. The VWSRF was determined to have a need for an allowance for loan losses for \$220,020. Loan loss expense is included as a general operating expense in the Statement of Revenues, Expenses, and Changes in Net Position.

**Note 5 – Capital Assets**

Capital asset activity for the year ending June 30, 2025 was as follows:

	<b>June 30, 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>June 30, 2025</b>
Office equipment	\$ 331,399	\$ 11,369	\$ (16,460)	\$ 326,308
Leased office space	1,467,168	-	-	1,467,168
<b>Total capital assets</b>	<b>\$ 1,798,567</b>	<b>\$ 11,369</b>	<b>\$ (16,460)</b>	<b>\$ 1,793,476</b>
Less accumulated depreciation	(277,232)	(40,755)	16,460	(301,527)
Less accumulated amortization	(550,188)	(183,396)	-	(733,584)
<b>Total accumulated depreciation and amortization</b>	<b>\$ (827,420)</b>	<b>\$ (224,151)</b>	<b>\$ 16,460</b>	<b>\$ (1,035,111)</b>
<b>Total capital assets, net</b>	<b>\$ 971,147</b>	<b>\$ (212,782)</b>	<b>\$ -</b>	<b>\$ 758,365</b>

Depreciation expense of \$40,755 and amortization expense of \$183,396 for the year ended June 30, 2025 are included in the Statement of Revenue, Expenses, and Changes in Net Position.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 6 – Long-Term Debt**

The Authority had the following debt outstanding as of June 30, 2025:

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
<u><i>Virginia Pooled Financing Program and Stand-Alone Revenue</i></u>		
<u><i>Bonds</i></u>		
Series 2002 (Capital Appreciation Bonds), dated July 31, 2002, interest rates ranging from 4.14% to 5.59%, final maturity November 1, 2031. Amount outstanding includes \$9,207,119.16 accretion for capital appreciation bonds; \$5,623,192 of the bonds defeased in 2012	\$ 27,537,167	\$ 13,691,693
Series 2005B Senior (Non-AMT), dated June 8, 2005, interest rates ranging from 3.00% to 5.00%, final maturity November 1, 2035; \$3,845,000 of the bonds were defeased in 2012; \$130,000 of the bonds were defeased in 2016; \$545,000 of the bonds defeased in 2018	22,055,000	275,000
Series 2005B Subordinate (Non-AMT), dated June 8, 2005, interest rates ranging from 3.00% to 5.00%, final maturity November 1, 2035; \$1,615,000 of the bonds were defeased in 2012; \$55,000 of the bonds were defeased in 2016; \$235,000 of the bonds defeased in 2018	9,485,000	85,000
Series 2005C Senior (Non-AMT), dated December 7, 2005, interest rates ranging from 4.63% to 5.00%, final maturity November 1, 2035; \$1,275,000 of the bonds defeased in 2011; \$10,260,000 of the bonds were defeased in 2012; \$3,160,000 of the bonds were defeased in 2013; \$4,465,000 of the bonds were defeased in 2014	36,710,000	40,000
Series 2005C Subordinate (Non-AMT), dated December 7, 2005, interest rates ranging from 4.00% to 4.75%, final maturity November 1, 2035; \$595,000 of the bonds defeased in 2011; \$4,260,000 of the bonds were defeased in 2012; \$910,000 of the bonds were defeased in 2013; \$2,375,000 of the bonds were defeased in 2014	16,365,000	15,000
Series 2009B Infrastructure Revenue Bonds (Taxable - Build America Bonds), dated November 19, 2009, interest rates ranging from 4.97 to 5.70%, final maturity November 1, 2039; \$2,260,000 of the bonds defeased in 2014	45,180,000	29,725,000
Series 2009B State Moral Obligation Bonds (Taxable - Build America Bonds), dated November 19, 2009, interest rates ranging from 5.22 to 6.00%, final maturity November 1, 2039; \$955,000 of the bonds defeased in 2014	20,785,000	14,150,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2010A Infrastructure Revenue Bonds, dated June 17, 2010, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2040; \$1,685,000 of the bonds defeased in 2015; \$2,200,000 of the bonds defeased in 2017; \$9,345,000 of the bonds defeased in 2018; \$2,325,000 of the bonds defeased in 2020; \$4,315,000 of the bonds defeased in 2021, \$780,000 of the bonds defeased in 2022	\$ 50,470,000	\$ 280,000
Series 2010A State Moral Obligation, dated June 17, 2010, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2040; \$475,000 of the bonds defeased in 2015; \$910,000 of the bonds defeased in 2017; \$3,895,000 of the bonds defeased in 2018; \$1,275,000 of the bonds defeased in 2020; \$3,100,000 of the bonds defeased in 2021; \$325,000 of the bonds defeased in 2022	23,170,000	130,000
Series 2010C Infrastructure Revenue Bonds (Taxable - Build America Bonds), dated November 23, 2010, interest rates ranging from 3.83 to 5.79%, final maturity November 1, 2040; \$21,165,000 of the bonds defeased in 2019	54,740,000	140,000
Series 2010C State Moral Obligation Bonds (Taxable - Build America Bonds), dated November 23, 2010, interest rates ranging from 6.19 to 6.29%, final maturity November 1, 2040; \$9,055,000 of the bonds defeased in 2019; \$14,320,000 of the bonds defeased in 2019	25,920,000	60,000
Series 2011A Infrastructure Revenue Bonds (Tax-Exempt), dated June 2, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$1,805,000 of the bonds defeased in 2014; \$1,375,000 of the bonds defeased in 2016; \$21,540,000 of the bonds defeased in 2020; \$815,000 of the bonds defeased in 2022; \$1,285,000 of the bonds defeased in 2024.	50,795,000	300,000
Series 2011A Infrastructure Revenue Bonds (Taxable), dated June 2, 2011, interest rates ranging from 3.80 to 5.10%, final maturity November 1, 2031; \$1,705,000 of the bonds defeased in 2022	6,455,000	-
Series 2011A State Moral Obligation (Tax-Exempt), dated June 2, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$755,000 of the bonds defeased in 2014; \$565,000 of the bonds defeased in 2016; \$9,265,000 of the bonds defeased in 2020; \$280,000 of the bonds defeased in 2022;	21,475,000	115,000
Series 2011A State Moral Obligation Bonds (Taxable), dated June 2, 2011, interest rates ranging from 3.95 to 5.25%, final maturity November 1, 2031; \$795,000 of the bonds defeased in 2022; \$495,000 of the bonds defeased in 2024.	2,790,000	-

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2011B Infrastructure Revenue Bonds (Tax-Exempt), dated November 16, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$9,070,000 of the bonds defeased in 2017; \$19,855,000 of the bonds defeased in 2018; \$32,300,000 of the bonds defeased in 2020; \$2,825,000 of the bonds defeased in 2021; \$2,610,000 of the bonds defeased in 2022	\$ 129,660,000	\$ 300,000
Series 2011B Infrastructure Revenue Bonds (Taxable), dated November 16, 2011, interest rates ranging from 4.05 to 4.65%, final maturity November 1, 2041	27,750,000	25,815,000
Series 2011B State Moral Obligation (Tax-Exempt), dated November 16, 2011, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$3,885,000 of the bonds defeased in 2017; \$3,945,000 of the bonds defeased in 2018; \$19,005,000 of the bonds defeased in 2020; \$1,180,000 of the bonds defeased in 2021; \$1,110,000 of the bonds defeased in 2022	55,635,000	115,000
Series 2011B State Moral Obligation Bonds (Taxable), dated November 16, 2011, interest rates ranging from 4.50 to 5.05%, final maturity November 1, 2041	12,935,000	12,105,000
Series 2012A Infrastructure Revenue Bonds, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$3,740,000 of the bonds defeased in 2018; \$1,620,000 of the bonds defeased in 2019; \$96,950,000 of the bonds defeased in 2020; \$1,650,000 of the bonds defeased in 2021	205,405,000	3,050,000
Series 2012A State Moral Obligation, dated June 13, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$2,905,000 of the bonds defeased in 2018; \$1,075,000 of the bonds defeased in 2019; \$44,865,000 of the bonds defeased in 2020; \$685,000 of the bonds defeased in 2021; \$4,925,000 of the bonds defeased in 2022	92,735,000	1,210,000
Series 2012B Infrastructure Revenue Bonds (Non-AMT), dated August 2, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2041; \$5,870,000 of the bonds defeased in 2022	50,240,000	3,165,000
Series 2012B Infrastructure Revenue Bonds (AMT), dated August 2, 2012, interest rates ranging from 2.00 to 2.50%, final maturity November 1, 2024; \$3,465,000 of the bonds defeased in 2021	3,840,000	-
Series 2012B State Moral Obligation Bonds (Non-AMT), dated August 2, 2012, interest rates ranging from 2.50 to 5.00%, final maturity November 1, 2041; \$3,370,000 of the bonds defeased in 2022	23,385,000	1,330,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2012B State Moral Obligation Bonds (AMT), dated August 2, 2012, interest rates ranging from 2.00 to 2.75%, final maturity November 1, 2024; \$1,485,000 of the bonds defeased in 2021	\$ 1,590,000	\$ -
Series 2012 Current Interest Bonds (Taxable), dated November 15, 2012, interest rate of 3.82%, final maturity November 1, 2029	6,730,000	6,730,000
Series 2012C Infrastructure Revenue Bonds (Non-AMT), dated December 6, 2012, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2042; \$1,370,000 of the bonds defeased in 2014; \$2,860,000 of the bonds defeased in 2019; \$3,245,000 of the bonds defeased in 2020; \$2,075,000 of the bonds defeased in 2021; \$7,395,000 of the bonds defeased in 2022	34,040,000	3,225,000
Series 2012C State Moral Obligation Bonds (Non-AMT), dated December 6, 2012, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2042; \$585,000 of the bonds defeased in 2014; \$1,220,000 of the bonds defeased in 2019; \$1,385,000 of the bonds defeased in 2020; \$605,000 of the bonds defeased in 2021; \$3,995,000 of the bonds defeased in 2022	15,375,000	1,435,000
Series 2013A Infrastructure Revenue Bonds, dated June 5, 2013, interest rates ranging from 1.00 to 5.00%, final maturity November 1, 2042; \$585,000 of the bonds defeased in 2014; \$10,175,000 of the bonds defeased in 2020; \$12,905,000 of the bonds defeased in 2021; \$1,155,000 of the bonds defeased in 2022	92,810,000	3,615,000
Series 2013A State Moral Obligation, dated June 5, 2013, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2042; \$5,530,000 of the bonds defeased in 2021; \$2,980,000 of the bonds defeased in 2022	42,135,000	17,360,000
Series 2013B Infrastructure Revenue Bonds, dated August 14, 2013, interest rates ranging from 1.75 to 5.00%, final maturity November 1, 2043; \$1,660,000 of the bonds defeased in 2022; \$2,125,000 of the bonds defeased in 2024	46,410,000	5,695,000
Series 2013B State Moral Obligation, dated August 14, 2013, interest rates ranging from 4.00 to 4.75%, final maturity November 1, 2043; \$985,000 of the bonds defeased in 2022; \$865,000 of the bonds defeased in 2024	20,080,000	2,410,000
Series 2013C Infrastructure Revenue Bonds (Tax-Exempt), dated November 20, 2013, interest rates ranging from 1.50 to 5.00%, final maturity November 1, 2033.	13,535,000	3,950,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2013C State Moral Obligation (Tax-Exempt), dated November 20, 2013, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2033; \$335,000 of the bonds defeased in 2022; \$470,000 defeased in 2024	\$ 6,280,000	\$ 1,695,000
Series 2014A Infrastructure Revenue Bonds, dated May 21, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2044; \$9,585,000 of the bonds defeased in 2021	66,290,000	24,435,000
Series 2014A State Moral Obligation, dated May 21, 2014, interest rates ranging from 3.00 to 4.00%, final maturity November 1, 2044; \$1,660,000 of the bonds defeased in 2022	29,870,000	14,535,000
Series 2014B Infrastructure Revenue Bonds, dated August 13, 2014, interest rates ranging from 1.25 to 5.00%, final maturity November 1, 2038; \$10,245,000 of the bonds defeased in 2021	92,405,000	20,295,000
Series 2014B State Moral Obligation, dated August 13, 2014, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2038; \$1,600,000 of the bonds defeased in 2021; \$1,755,000 of the bonds defeased in 2022	42,085,000	11,660,000
Series 2014C Infrastructure Revenue Bonds (Non-AMT), dated November 19, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2038, \$3,495,000 of the bonds defeased in 2018; \$11,060,000 of the bonds defeased in 2021	103,595,000	10,855,000
Series 2014C Infrastructure Revenue Bonds (AMT), dated November 19, 2014, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2044; \$7,215,000 of the bonds defeased in 2021; \$865,000 of the bonds defeased in 2022	4,040,000	3,130,000
Series 2014C State Moral Obligation (Non-AMT), dated November 19, 2014, interest rates ranging from 4.00 to 5.00%, final maturity November 1, 2038, \$1,600,000 of the bonds defeased in 2018; \$4,820,000 of the bonds defeased in 2021	45,870,000	5,665,000
Series 2014C State Moral Obligation Bonds (AMT), dated November 19, 2014, interest rates ranging from 2.00 to 4.00%, final maturity November 1, 2044; \$270,000 of the bonds defeased in 2018; \$790,000 of the bonds defeased in 2021; \$2,185,000 of the bonds defeased in 2022	1,730,000	1,275,000
Series 2014D Infrastructure Revenue Bonds, dated December 17, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2028	27,465,000	9,615,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Description	Original Amount	Amount Outstanding
Series 2014D State Moral Obligation, dated December 17, 2014, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2028	\$ 12,835,000	\$ 5,215,000
Series 2015A Infrastructure Revenue Bonds (Tax-Exempt), dated May 28, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2040; \$580,000 of the bonds defeased in 2018; \$3,790,000 of the bonds defeased in 2022	83,775,000	34,365,000
Series 2015A Infrastructure Revenue Bonds (Taxable), dated May 28, 2015, interest rates ranging from 0.48 to 4.25%, final maturity November 1, 2035; \$5,655,000 of the bonds defeased in 2021; \$995,000 of the bonds defeased in 2022	11,110,000	900,000
Series 2015A State Moral Obligation (Tax-Exempt), dated May 28, 2015, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2040; \$1,230,000 of the bonds defeased in 2022	35,225,000	16,035,000
Series 2015A State Moral Obligation Bonds (Taxable), dated May 28, 2015, interest rates ranging from 0.68 to 4.69%, final maturity November 1, 2035; \$1,100,000 of the bonds defeased in 2021; \$460,000 of the bonds defeased in 2022	5,225,000	855,000
Series 2015B Infrastructure Revenue Bonds (Tax-Exempt), dated November 18, 2015, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2035; \$875,000 of the bonds defeased in 2021	42,250,000	31,120,000
Series 2015B Infrastructure Revenue Bonds (Taxable), dated November 18, 2015, interest rates ranging from 0.22 to 4.01%, final maturity November 1, 2030; \$3,605,000 of the bonds defeased in 2021	6,310,000	150,000
Series 2015B State Moral Obligation (Tax-Exempt), dated November 18, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2035; \$380,000 of the bonds defeased in 2021	18,505,000	13,860,000
Series 2015B State Moral Obligation Bonds (Taxable), dated November 18, 2015, interest rates ranging from 0.37 to 4.16%, final maturity November 1, 2030; \$1,575,000 of the bonds defeased in 2021	3,005,000	295,000
Series 2015C Infrastructure Revenue Bonds, dated October 14, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2035	21,910,000	17,985,000
Series 2015C State Moral Obligation Bonds, dated October 14, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2035	9,850,000	8,205,000



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2015D Infrastructure Revenue Bonds (Tax-Exempt), dated November 18, 2015, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2036; \$710,000 of the bonds defeased in 2019; \$900,000 of the bonds defeased in 2020; \$12,985,000 of the bonds defeased in 2021; \$780,000 of the bonds defeased in 2022	\$ 107,760,000	\$ 39,580,000
Series 2015D Infrastructure Revenue Bonds (Taxable), dated November 18, 2015, interest rates ranging from 0.80 to 3.20%, final maturity November 1, 2025	4,475,000	415,000
Series 2015D State Moral Obligation (Tax-Exempt), dated November 18, 2015, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2038; \$325,000 of the bonds defeased in 2019; \$410,000 of the bonds defeased in 2020; \$20,760,000 of the bonds defeased in 2021; \$3,490,000 of the bonds defeased in 2022	52,290,000	33,220,000
Series 2015D State Moral Obligation Bonds (Taxable), dated November 18, 2015, interest ranging from 0.90 to 3.35%, final maturity November 1, 2025	2,455,000	550,000
Series 2016A Infrastructure Revenue Bonds, dated May 25, 2016, interest rates ranging from 4.00 to 5.00%, final maturity November 1, 2037	89,580,000	54,065,000
Series 2016A State Moral Obligation Bonds, dated May 25, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2037	47,040,000	30,475,000
Series 2016B Infrastructure Revenue Bonds (Tax-Exempt), dated August 10, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2036; \$885,000 of the bonds defeased in 2021	32,635,000	20,430,000
Series 2016B Infrastructure Revenue Bonds (Taxable), dated August 10, 2016, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2046	2,340,000	510,000
Series 2016B State Moral Obligation (Tax-Exempt), dated August 10, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2036; \$415,000 of the bonds defeased in 2021	16,330,000	10,580,000
Series 2016B State Moral Obligation Bonds (Taxable), dated August 10, 2016, interest ranging from 2.75 to 3.00%, final maturity November 1, 2046	1,230,000	360,000
Series 2016C Infrastructure Revenue Bonds, dated November 16, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2046; \$7,035,000 of the bonds defeased in 2022	146,095,000	119,600,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2016C State Moral Obligation Bonds, dated November 16, 2016, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2046; \$3,305,000 of the bonds defeased in 2022	\$ 66,820,000	\$ 54,300,000
Series 2017A Infrastructure Revenue Bonds, dated May 18, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2037	42,965,000	33,555,000
Series 2017A State Moral Obligation Bonds, dated May 18, 2017, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2038	19,130,000	15,165,000
Series 2017B Infrastructure Revenue Bonds (Tax-Exempt), dated August 16, 2017, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2041	27,675,000	22,760,000
Series 2017B Infrastructure Revenue Bonds (Taxable), dated August 16, 2017, interest rates ranging from 1.625 to 3.875%, final maturity November 1, 2037	2,655,000	1,925,000
Series 2017B State Moral Obligation Bonds (Tax-Exempt), dated August 16, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2037	7,620,000	5,570,000
Series 2017B State Moral Obligation Bonds (Taxable), dated August 16, 2017, interest rates ranging from 1.625 to 4.05%, final maturity November 1, 2037	1,215,000	890,000
Series 2017C Infrastructure Revenue Bonds, dated November 15, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2044	56,630,000	40,845,000
Series 2017C State Moral Obligation Bonds, dated November 15, 2017, interest rates ranging from 2.00 to 5.00%, final maturity November 1, 2044	30,315,000	23,335,000
Series 2018A Infrastructure Revenue Bonds (Tax-Exempt), dated May 23, 2018, interest rates ranging from 3.125 to 5.00%, final maturity November 1, 2047	70,385,000	51,505,000
Series 2018A Infrastructure Revenue Bonds (Taxable), dated May 23, 2018, interest rates ranging from 2.125 to 5.00%, final maturity November 1, 2047	2,510,000	2,160,000
Series 2018A State Moral Obligation Bonds (Tax-Exempt), dated May 23, 2018, interest rates ranging from 3.00 to 5.00%, final maturity November 1, 2047	32,275,000	24,145,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2018A State Moral Obligation Bonds (Taxable), dated May 23, 2018, interest rates ranging from 2.275 to 4.17%, final maturity November 1, 2047	\$ 1,160,000	\$ 985,000
Series 2018B Infrastructure Revenue Bonds, dated August 16, 2018, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2038	19,595,000	15,445,000
Series 2018B State Moral Obligation Bonds, dated August 16, 2018, interest rates ranging from 3.0 to 5.0%, final maturity Nov. 1, 2038	8,365,000	6,605,000
Series 2018C Infrastructure Revenue Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2048	72,960,000	57,285,000
Series 2018C Infrastructure Revenue Bonds (Taxable), dated November 13, 2018, interest rates ranging from 2.75 to 4.25%, final maturity November 1, 2038	4,610,000	3,170,000
Series 2018C State Moral Obligation Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 3.25 to 5.0%, final maturity November 1, 2048	39,105,000	32,085,000
Series 2018C State Moral Obligation Bonds (Taxable), dated November 13, 2018, interest rates ranging from 2.875 to 4.35%, final maturity November 1, 2038	2,285,000	1,625,000
Series 2019A Infrastructure Revenue Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 2.625 to 5.0%, final maturity November 1, 2040	37,365,000	31,485,000
Series 2019A State Moral Obligation Bonds (Tax-Exempt), dated November 13, 2018, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2040	18,625,000	16,160,000
Series 2019B Infrastructure Revenue Bonds (Tax-Exempt), dated August 14, 2019, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2041	40,990,000	26,355,000
Series 2019B Infrastructure Revenue Bonds (AMT), dated August 14, 2019, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2049	5,515,000	4,965,000
Series 2019B Infrastructure Revenue Bonds (Taxable), dated August 14, 2019, interest rates ranging from 1.95 to 2.75%, final maturity November 1, 2034	11,740,000	10,165,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2019B State Moral Obligation Bonds (Tax-Exempt), dated August 14, 2019, interest rates ranging from 3.0 to 5.0%, final maturity Nov. 1, 2041	\$ 27,865,000	\$ 19,965,000
Series 2019B State Moral Obligation Bonds (AMT), dated August 14, 2019, interest rates ranging from 3.375 to 5.0%, final maturity Nov. 1, 2049	2,345,000	2,140,000
Series 2019B State Moral Obligation Bonds (Taxable), dated August 14, 2019, interest rates ranging from 2.05 to 3.0%, final maturity Nov. 1, 2034	5,615,000	4,945,000
Series 2019C Infrastructure Revenue Bonds (Tax-Exempt), dated November 18, 2019, interest rates ranging from 3.0 to 5.0%, final maturity November 1, 2049	71,270,000	57,350,000
Series 2019C Infrastructure Revenue Bonds (Taxable), dated November 18, 2019, interest rates ranging from 1.817 to 3.32%, final maturity November 1, 2042	193,515,000	154,280,000
Series 2019C State Moral Obligation Bonds (Tax-Exempt), dated November 18, 2019, interest rates ranging from 2.0 to 5.0%, final maturity Nov. 1, 2049	32,885,000	26,880,000
Series 2019C State Moral Obligation Bonds (Taxable), dated November 18, 2019, interest rates ranging from 1.85 to 3.25%, final maturity Nov. 1, 2042	85,900,000	69,165,000
Series 2020A Infrastructure Revenue Bonds (Tax-Exempt), dated June 3, 2020, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2040	12,195,000	11,270,000
Series 2020A Infrastructure Revenue Bonds (Taxable), dated June 3, 2020, interest rates ranging from 1.2 to 3.1%, final maturity November 1, 2038	37,880,000	33,195,000
Series 2020A State Moral Obligation Bonds (Tax-Exempt), dated June 3, 2020, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2040	5,245,000	4,915,000
Series 2020 Water and Sewer Revenue Bonds (Taxable), dated July 29, 2020, interest rates ranging from 1.612 to 2.212%, final maturity Nov. 1, 2041	61,350,000	61,350,000
Series 2020B Infrastructure Revenue Bonds (Tax-Exempt), dated August 5, 2020, interest rates ranging from 2.0 to 5.0%, final maturity November 1, 2050	38,460,000	35,695,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2020B Infrastructure Revenue Bonds (Taxable), dated August 5, 2020, interest rates ranging from 1.0 to 2.0%, final maturity November 1, 2031	\$ 2,605,000	\$ 1,655,000
Series 2020B State Moral Obligation Bonds (Tax-Exempt), dated August 5, 2020, interest rates ranging from 2.0 to 5.0%, final maturity Nov. 1, 2050	20,460,000	18,490,000
Series 2020B State Moral Obligation Bonds (Taxable), dated August 5, 2020, interest rates ranging from 1.0 to 2.0%, final maturity Nov. 1, 2031	1,015,000	650,000
Series 2020C Infrastructure Revenue Bonds (Tax-Exempt), dated November 17, 2020, interest rates ranging from 1.625 to 5.0%, final maturity November 1, 2040	48,775,000	32,830,000
Series 2020C Infrastructure Revenue Bonds (Taxable), dated November 17, 2020, interest rates ranging from 0.249 to 2.829%, final maturity November 1, 2045	80,905,000	70,955,000
Series 2020C State Moral Obligation Bonds (Tax-Exempt), dated November 17, 2020, interest rates ranging from 2.125 to 5.0%, final maturity Nov. 1, 2040	22,015,000	15,525,000
Series 2020C State Moral Obligation Bonds (Taxable), dated November 17, 2020, interest rates ranging from 0.35 to 2.65%, final maturity Nov. 1, 2040	16,840,000	13,710,000
Series 2021A Infrastructure Revenue Bonds (Tax-Exempt), dated May 24, 2021, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2047	26,120,000	17,680,000
Series 2021A Infrastructure Revenue Bonds (Taxable), dated May 24, 2021, interest rates ranging from 0.187 to 2.736%, final maturity November 1, 2039	40,840,000	37,775,000
Series 2021A Infrastructure Revenue Bonds (AMT), dated May 24, 2021, interest rates ranging from 4.0 to 5.0 %, final maturity November 1, 2041	5,840,000	5,270,000
Series 2021A State Moral Obligation Bonds (Tax-Exempt), dated May 24, 2021, interest rates ranging from 2.125 to 5.0%, final maturity Nov. 1, 2047	12,305,000	8,730,000
Series 2021A State Moral Obligation Bonds (Taxable), dated May 24, 2021, interest rates ranging from 1.0 to 2.5%, final maturity Nov. 1, 2039	8,365,000	7,595,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2021A State Moral Obligation Bonds (AMT), dated May 24, 2021, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2041	\$ 2,575,000	\$ 2,350,000
Series 2021B Infrastructure Revenue Bonds (Tax-Exempt), dated August 3, 2021, interest rates ranging from 1.875 to 5.0%, final maturity November 1, 2041	29,050,000	21,435,000
Series 2021B Infrastructure Revenue Bonds (Taxable), dated August 3, 2021, interest rates ranging from 1.65 to 3.0%, final maturity November 1, 2042	18,420,000	13,550,000
Series 2021B State Moral Obligation Bonds (Tax-Exempt), dated August 3, 2021, interest rates ranging from 2.0 to 5.0%, final maturity Nov. 1, 2041	12,805,000	9,715,000
Series 2021B State Moral Obligation Bonds (Taxable), dated August 3, 2021, interest rates ranging from 1.65 to 2.0%, final maturity Nov. 1, 2036	19,175,000	16,200,000
Series 2021C Infrastructure Revenue Bonds (Tax-Exempt), dated November 15, 2021, interest rates ranging from 2.125 to 5.0%, final maturity November 1, 2042	75,775,000	65,815,000
Series 2021C Infrastructure Revenue Bonds (Taxable), dated November 15, 2021, interest rates ranging from 2.0 to 3.0%, final maturity November 1, 2035	14,735,000	13,230,000
Series 2021C State Moral Obligation Bonds (Tax-Exempt), dated November 15, 2021, interest rates ranging from 2.125 to 5.0%, final maturity Nov. 1, 2051	34,280,000	30,145,000
Series 2021C State Moral Obligation Bonds (Taxable), dated November 15, 2021, interest rates ranging from 0.4 to 2.85%, final maturity Nov. 1, 2042	14,795,000	13,975,000
Series 2022A Infrastructure Revenue Bonds (Tax-Exempt), dated May 25, 2022, interest rates ranging from 3.875 to 5.0%, final maturity November 1, 2042	32,390,000	30,380,000
Series 2022A State Moral Obligation Bonds (Tax-Exempt), dated May 25, 2022, interest rate of 5.0%, final maturity Nov. 1, 2042	13,350,000	12,585,000
Series 2022B Infrastructure Revenue Bonds (Tax-Exempt), dated November 16, 2022, interest rates ranging from 4.5 to 5.0%, final maturity November 1, 2042	39,175,000	37,800,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
Series 2022B State Moral Obligation Bonds (Tax-Exempt), dated November 16, 2022, interest rate of 5.0%, final maturity Nov. 1, 2041	\$ 17,680,000	\$ 17,115,000
Series 2023A Infrastructure Revenue Bonds (Tax-Exempt), dated May 23, 2023, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2043	18,670,000	18,435,000
Series 2023A State Moral Obligation Bonds (Tax-Exempt), dated May 23, 2023, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2043	8,380,000	8,285,000
Series 2023B Infrastructure Revenue Bonds (Tax-Exempt), dated November 15, 2023, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2043	6,280,000	5,825,000
Series 2023B Infrastructure Revenue Bonds (Taxable), dated November 15, 2023, interest rates ranging from 5.65 to 6.125%, final maturity November 1, 2043	1,510,000	1,470,000
Series 2023B State Moral Obligation Bonds (Tax-Exempt), dated November 15, 2023, interest rate of 5.0%, final maturity Nov. 1, 2043	2,930,000	2,750,000
Series 2023B State Moral Obligation Bonds (Taxable), dated November 15, 2023, interest rates ranging from 5.7 to 6.125%, final maturity Nov. 1, 2043	640,000	625,000
Series 2024A Infrastructure Revenue Bonds (Tax-Exempt), dated May 15, 2024, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2054	136,070,000	135,450,000
Series 2024A State Moral Obligation Bonds (Tax-Exempt), dated May 15, 2024, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2054	61,420,000	61,160,000
Series 2024B Infrastructure Revenue Bonds (Tax-Exempt), dated August 7, 2024, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2054	121,530,000	121,165,000
Series 2024B State Moral Obligation Bonds (Tax-Exempt), dated August 7, 2024, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2054	53,575,000	53,435,000
Series 2024C Infrastructure Revenue Bonds (Tax-Exempt), dated November 19, 2024, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2054	37,935,000	37,935,000

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Series 2024C State Moral Obligation Bonds (Tax-Exempt), dated November 19, 2024, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2054	16,455,000	16,455,000
Series 2025A Infrastructure Revenue Bonds (Tax-Exempt), dated May 20, 2025, interest rates ranging from 4.0 to 5.0%, final maturity November 1, 2054	31,480,000	31,480,000
Series 2025A State Moral Obligation Bonds (Tax-Exempt), dated May 20, 2025, interest rates ranging from 4.0 to 5.0%, final maturity Nov. 1, 2054	14,085,000	14,085,000
<i>Total Virginia Pooled Financing Program and Stand-Alone Revenue Bonds</i>	\$4,778,367,167	\$2,679,396,693

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
<i>Virginia Water Facilities Revolving Loan Fund</i>		
Series 2014B CWSRF (Refunding), dated September 30, 2014, interest rates ranging from 2.00% to 5.00%, final maturity October 1, 2031	\$ 178,935,000	\$ 122,830,000
Series 2015 CWSRF (Refunding), dated April 14, 2015, interest rate of 5.00%, final maturity October 1, 2031	115,225,000	71,235,000
Series 2020 State Revolving Fund Revenue, dated September 16, 2020, interest rates ranging from 2.0% to 5.0%, final maturity October 1, 2042	60,980,000	49,585,000
Series 2022 State Revolving Fund Revenue, dated July 18, 2022, interest rates ranging from 2.33% to 3.18%, final maturity October 1, 2042 (Direct Placement)	98,000,000	86,480,000
<i>Total Virginia Water Facilities Revolving Loan Fund</i>	\$ 453,140,000	\$ 330,130,000

<b>Description</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
<i>Virginia Water Supply Revolving Loan Fund</i>		
Series 2020 State Revolving Fund Revenue, dated September 16, 2020, interest rates ranging from 2.0% to 5.0%, final maturity October 1, 2052	\$ 44,000,000	\$ 43,275,000
<i>Total Virginia Water Supply Revolving Loan Fund</i>	\$ 44,000,000	\$ 43,275,000



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Changes in long-term debt for the year ended June 30, 2025 are as follows:

	<b>June 30, 2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2025</b>	<b>Due within One Year</b>
Bonds outstanding	\$2,981,228,525	\$275,060,000	\$(289,966,832)	\$2,966,321,693	\$199,080,000
Unamortized discounts and premiums on bonds	178,486,277	21,598,635	(31,612,984)	168,471,928	23,832,431
Direct placements	90,000,000	-	(3,520,000)	86,480,000	3,635,000
	<u>\$3,249,714,802</u>	<u>\$296,658,635</u>	<u>\$(325,099,816)</u>	<u>\$3,221,273,621</u>	<u>\$226,547,431</u>

All bonds and direct placements are limited obligations of the Authority payable solely from and secured by a pledge of the principal and interest payments required to be made by certain local and other governmental entities on loans made by the Authority and a pledge of all funds and accounts established by the various bond indentures. The Authority has the option to redeem various bonds. The redemptions generally cannot be exercised until the bonds have been outstanding for ten years or more, as fully described in the various bond indentures.

At June 30, 2025, \$919,226,692 of the outstanding bonds were secured by the moral obligation of the Commonwealth.

At June 30, 2025, the Series 2002 Revenue Bonds include capital appreciation bonds with unaccreted values of \$1,113,307.

**Conduit Debt**

The Authority issued bonds through the Virginia Green Communities Program (VGCP), which uses the Commonwealth's allocation of Qualified Energy Conservation Bonds to provide subsidized financing for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes. The Authority is a conduit issuer for public borrowers with a third-party funding source providing financing for eligible projects. The terms of the VGCP bonds stipulate that the Authority does not guarantee repayment of principal and interest to the bondholders. As of June 30, 2025, the total outstanding principal amount of conduit debt obligations in the VGCP was \$20,648,586.

The Authority issued bonds through the VirginiaHELPS Conduit Borrower Program (VAHELPS). The Authority is a conduit issuer for public borrowers with a third-party funding source providing financing for eligible projects. The terms of the VAHELPS bonds stipulate that the Authority does not guarantee repayment of principal and interest to the bondholders. As of June 30, 2025, the total outstanding principal amount of conduit debt obligations in VAHELPS was \$15,735,249.

In accordance with GASB, conduit debt liabilities and the associated loan assets are not recorded on the Statement of Net Position.

**Refundings**

During the fiscal year, the Authority issued Virginia Pooled Financing Program Revenue Bonds, Series 2024BB and 2024C, from which a portion of proceeds were used to provide resources to place in trust for the purpose of making future debt service payments for certain maturities.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

As a result, the refunded bonds below are defeased and the liability has been removed from the Statement of Net Position:

<b>Issue</b>	<b>Principal Defeased</b>	<b>Difference between Previous and New Debt Services</b>	<b>Economic Gain as a Result of the Refunding</b>
2013B Series	\$ 9,685,000	\$ 517,392	\$ 455,597
2014A Series	16,100,000	614,969	532,447
2014B Series	39,110,000	2,216,427	1,877,098
2014C Series*	<u>36,715,000</u>	<u>3,416,011</u>	<u>2,603,249</u>
	\$ 101,610,000	\$ 6,764,799	\$ 5,458,391

\*Includes weighted values for instances of multiple bonds in a single refunding loan

The amount outstanding at June 30, 2025 for bonds that have been in-substance defeased was \$156,085,000. In addition to the refundings noted above, this includes bonds that were in-substance defeased during prior years: Series 2002, Series 2009A, Series 2010C, Series 2011A, Series 2011B, Series 2012B, Series 2012C, Series 2013A, Series 2013B, Series 2013C, Series 2014A, Series 2014B, Series 2014C, Series 2015A, Series 2015B, Series 2015D, Series 2016B, and Series 2016C.

**Debt Service Requirements**

Debt service requirements at June 30, 2025 are as follows:

<b>June 30,</b>	<b>Total Debt – Bonds and Direct Borrowings</b>			<b>Direct Borrowings</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	202,195,000	113,803,186	315,998,186	3,635,000	2,692,268	6,327,268
2027	214,965,000	105,103,357	320,068,357	3,750,000	2,574,846	6,324,846
2028	215,980,000	96,251,454	312,231,454	3,870,000	2,453,688	6,323,688
2029	217,060,000	87,556,073	304,616,073	3,990,000	2,328,714	6,318,714
2030	202,950,000	79,113,147	282,063,147	21,950,000	9,625,065	31,575,065
2031-2035	835,790,000	291,877,892	1,127,667,892	25,665,000	5,847,146	31,512,146
2036-2040	593,895,000	163,107,124	757,002,124	23,620,000	1,531,647	25,151,647
2041-2045	351,875,000	72,300,789	424,175,789	-	-	-
2056-2050	134,970,000	29,360,759	164,330,759	-	-	-
2051-2055	84,235,000	8,977,559	93,212,559	-	-	-
	<u>\$ 3,053,915,000</u>	<u>\$ 1,047,451,340</u>	<u>\$ 4,101,366,340</u>	<u>\$ 86,480,000</u>	<u>\$27,053,374</u>	<u>\$113,533,374</u>

**Note 7 – Restricted Net Position – Loan Programs**

Restricted net position represents the portion of total net position restricted for the purpose of making loans to local governments or by the requirements of various bond indentures or federal and state regulations for the various revolving funds. Restricted net position includes Revolving Loan Fund Accounts, Airport Revolving Fund Accounts, Bond Accounts, and the Operating Reserve Fund. Such loans or grants are generally made at the direction of the state agencies overseeing the related programs. All assets and liabilities included in the Authority's General Accounts are non-restricted in nature; however, the General Account has pledged assets to establish an Operating Reserve Fund for the VFPF. The Operating Reserve Fund serves as security on the Authority's Infrastructure Revenue Bonds (senior lien) and is classified as restricted. At June 30, 2025 the cash, cash equivalents, and investments restricted for use related to the Operating Reserve Fund amounted to \$8,173,462.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 8 – Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at June 30, 2025 consisted of:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Accounts payable and other liabilities	\$ 45,077	\$ -	\$ 45,077
Arbitrage rebate liability	1,480,430	3,832,989	5,313,419
Compensated absences	149,218	-	149,218
Loan payments received prior to due date	1,418,650	-	1,418,650
Lease liability	192,423	635,108	827,531
	<u>\$ 3,285,798</u>	<u>\$ 4,468,097</u>	<u>\$ 7,753,895</u>

**Note 9 – Contributions from Other Governments**

During the fiscal year, the Authority received \$85,302,132 from the EPA under the Capitalization Grants for State Revolving Funds. Contributions from the EPA are disbursed as loans to municipalities. The Authority also received \$12,068,224 from the Commonwealth as part of the required state match of federal funds.

In addition, the Authority received the following funds from the Commonwealth: \$1,907,017 for VWFRF's combined sewer overflow projects; \$6,367,967 for VDSFPF; \$2,250,000 for VBAF; and \$107,180,308 for CFPF.

**Note 10 – Employee Pension Plans**

**Plan Description**

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Retirement Plan upon employment. This plan is a multi-employer, agent plan administered by the Virginia Retirement System ("System") along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service. The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out below:

**VRS Plan 1**

*Overview* – Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

*Eligibility* – Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

*Hybrid Opt-In Election* – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

*Retirement Contributions* – Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

*Creditable Service* – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

*Vesting* – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

*Calculating the Benefit* – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

*Average Final Compensation* – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

*Service Retirement Multiplier* – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.

*Normal Retirement Age* – Age 65.

*Earliest Unreduced Retirement Eligibility* – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

*Earliest Reduced Retirement Eligibility* – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

*Cost-of-Living Adjustment (COLA) in Retirement* – The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

*Disability Coverage* – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

*Purchase of Prior Service* – Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

#### VRS Plan 2

*Overview* – Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

*Eligible Members* – Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

*Hybrid Opt-In Election* – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

*Retirement Contributions* – Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

*Creditable Service* – Same as Plan 1.

*Vesting* – Same as Plan 1.

*Calculating the Benefit* – See definition under Plan 1.

*Average Final Compensation* – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

*Service Retirement Multiplier* – Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.

*Normal Retirement Age* – Normal Social Security retirement age.

*Earliest Unreduced Retirement Eligibility* – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

*Earliest Reduced Retirement Eligibility* – Age 60 with at least five years (60 months) of creditable service.

*Cost-of-Living Adjustment (COLA) in Retirement* – The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility and exceptions to COLA effective dates are the same as VRS Plan 1.

*Disability Coverage* – Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

*Purchase of Prior Service* – Same as Plan 1.

**VRS Hybrid Retirement Plan**

*Overview* – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window (see “Eligible Members”). The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

*Eligible Members* – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees and members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014. Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

*Retirement Contributions* – A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

*Creditable Service, Defined Benefit Component* – Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

*Creditable Service, Defined Contributions Component* – Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

*Vesting, Defined Benefit Component* – Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

*Vesting, Defined Contributions Component* – Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service:

- After two years, a member is 50% vested and may withdraw 50% of employer contributions
- After three years, a member is 75% vested and may withdraw 75% of employer contributions
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions

Distribution is not required by law until age 70½.

*Calculating the Benefit, Defined Benefit Component* – See definition under Plan 1.

*Calculating the Benefit, Defined Contribution Component* – The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

*Average Final Compensation* – Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

*Service Retirement Multiplier* – The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

*Normal Retirement Age, Defined Benefit Component* – Same as Plan 2.

*Normal Retirement Age, Defined Contribution Component* – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Earliest Unreduced Retirement Eligibility, Defined Benefit Component* – Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

*Earliest Unreduced Retirement Eligibility, Defined Contribution Component* – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Earliest Reduced Retirement Eligibility, Defined Benefit Component* – Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

*Earliest Reduced Retirement Eligibility, Defined Contribution Component* – Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Cost-of-Living Adjustment (COLA) in Retirement, Defined Benefit Component* – Same as Plan 2. Eligibility and exceptions to COLA effective dates are the same as Plan 1 and Plan 2.

*Cost-of-Living Adjustment (COLA) in Retirement, Defined Contribution Component* – Not applicable.

*Disability Coverage* – Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

*Purchase of Prior Service, Defined Benefit Component* – Same as Plan 1, with the following exceptions: Hybrid Retirement Plan members are ineligible for ported service.

*Purchase of Prior Service, Defined Contribution Component* – Not applicable.

**Employees Covered by Benefit Terms**

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

Inactive members or their beneficiaries currently receiving benefits	5
Inactive members:	
Vested inactive members	5
Non-vested inactive members	7
Inactive members elsewhere in VRS	9
Total inactive members	<u>26</u>
Active members	<u>14</u>
Total covered employees	<u><u>40</u></u>

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required contribution rate for the year ended June 30, 2025 was 2.41% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$45,209 and \$76,240 for the years ended June 30, 2025 and June 30, 2024, respectively.

**Net Pension Liability**

The Authority's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Actuarial Methods and Assumptions**

The total pension liability for the Authority was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5%
Salary increases, including inflation	3.5-5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

Mortality rates: 15% of deaths are assumed to be service related

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty Disability: no change

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	<u>100.00%</u>		<u>7.07%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return*			<u>7.07%</u>

\*The above allocation provides a one-year expected return of 7.07%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

#### **Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a)-(b)</b>
Balance at June 30, 2023	\$ 2,835,695	\$ 3,445,505	\$ (609,810)
Changes for the year:			
Service cost	123,209	-	123,209
Interest	197,979	-	197,979
Difference between expected and actual experience	319,540	-	319,540
Contributions – employer	-	62,472	(62,472)
Contributions – employee	-	74,890	(74,890)
Net investment income	-	339,875	(339,875)
Benefit payments, including refunds	(51,766)	(51,766)	-
Administrative expenses	-	(1,968)	1,968
Other changes	-	82	(82)
Net change	588,962	423,585	165,377
Balance at June 30, 2024	<u>\$ 3,424,657</u>	<u>\$ 3,869,090</u>	<u>\$ (444,433)</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's net pension liability using the current discount rate, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Net pension liability (asset)	\$ 125,121	\$ (444,433)	\$ (864,545)

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2025, the Authority recognized pension expense of (\$38,663).

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 202,062	\$ 37,361
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	91,613
Employer contributions subsequent to the measurement date	38,141	-
	<u>\$240,203</u>	<u>\$ 128,974</u>

Deferred outflows of resources of \$38,141 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources related to pensions and amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<u>Year Ended June 30,</u>	
2026	\$ 5,598
2027	108,077
2028	(19,693)
2029	(20,894)
2030	-
Thereafter	-
	<u>\$ 73,088</u>

**Pension Plan Data**

Information about the VRS Plan is also available in the separately issued VRS Annual Report at <http://www.varetire.org/Publications>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 11 – Other Postemployment Benefits – Group Life Insurance Program**

**Plan Description**

All full-time, salaried permanent employees of the Authority are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is a multiple employer, cost sharing plan administered by the Virginia Retirement System ("System") along with pensions and other OPEB plans for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage, and benefits is set out below:

**Eligible Employees**

The Group Life Insurance Program was established July 1, 1960 for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contribution and accrued interest.

**Benefit Amounts**

The benefits payable under the Group Life Insurance Program have several components:

- Natural Death Benefit: Equal to the employee's covered compensation rounded to the next highest thousand, then doubled.
- Accidental Death Benefit: Double the natural death benefit.
- Other Benefit Provisions: In addition to the natural and accidental death benefits, the program provides additional benefits under specific circumstances, including the accidental dismember benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option.

**Reduction in Benefit Amounts**

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by Statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was \$9,532 as of June 30, 2025.

**Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation; this was allocated into an employee and employer component using a 60/40 split, resulting in the employee component of 0.71% (1.18% X 60%) and the employer component of 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution.

Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program for the Authority were \$7,470 and \$8,513 for the years ended June 30, 2025 and June 30, 2024, respectively.

At June 30, 2025, the Authority reported a liability of \$69,076 for its proportionate share of the NOL. The NOL was measured as of June 30, 2024 and the total Group Life Insurance OPEB liability used to calculate the NOL was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Authority's proportion of the NOL was based on the Authority's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024 and June 30, 2023, the Authority's proportion was 0.00619% and 0.00632%, respectively.

**Net OPEB Liability**

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the Group Life Insurance Program is as follows (in thousands):

Total OPEB liability	\$ 4,196,055
Less Plan Fiduciary Net Position	(3,080,133)
Employers' Net OPEB Liability	<u>\$ 1,115,922</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB liability	73.41 %
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The total OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Actuarial Assumptions**

The total Group Life insurance OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5%
Salary increases, including inflation	
General state employees	3.5-5.35%
Teachers	3.5-5.95%
SPORS employees	3.5-4.75%
VaLORS employees	3.5-4.75%
JRS employees	4.0%
Locality – General employees	3.5-5.35%
Locality – Hazardous Duty employees	3.5-4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

Mortality rates – General State Employees

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty disability: no change
- Discount rate: decreased from no change

Mortality rates – Teachers

- Pre-Retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

- Post-Retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change

Mortality rates – SPORS Employees

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
- Withdrawal rates: decreased rate for 0 years of service and increased rates for 1 to 6 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

- Line of Duty Disability: no change

Mortality rates – VaLORS Employees

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty Disability: no change

Mortality rates – JRS Employees

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

- Mortality rates: review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: decreased rates for ages 60-66 and 70-72
- Withdrawal rates: no change
- Disability rates: no change
- Salary scale: reduce increases across all ages by 0.50%
- Discount rate: no change

Mortality rates – Largest Ten Locality Employers – General Employees

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

Mortality rates – Non-Largest Ten Locality Employers – General Employees

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020
- Retirement rates: adjusted rates to better fit experience and changed final retirement age from 65 to 70
- Withdrawal rates: decreased rates
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

- Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
- Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020
- Retirement rates: adjusted rates to better fit experience and changed final retirement age from 65 to 70
- Withdrawal rates: decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Diversifying Strategies	6.00%	5.80%	0.35%
Private Investment Partnership	1.00%	8.00%	0.08%
Cash	1.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%
Inflation			2.50%
Expected arithmetic nominal return*			7.07%

\*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

### **Discount Rate**

The discount rate used to measure the total Group Life Insurance OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Authority for the Group Life Insurance OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Group Life Insurance OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Group Life Insurance OPEB liability.

### **Sensitivity of the Authority's Proportionate Share of the Net Group Life Insurance OPEB Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net Group Life Insurance OPEB liability using the current discount rate of 6.75%, as well as what the Authority's proportionate share of the net Group Life Insurance OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Proportionate share of the net Group Life Insurance OPEB liability	\$ 107,421	\$ 69,076	\$ 38,097

**Group Life Insurance OPEB Expense and Deferred Outflows/Inflows of Resources Related to the Group Life Insurance Program**

For the year ended June 30, 2025, the Authority recognized total OPEB expense of (\$7,651) related to the Group Life Insurance OPEB. Since there was a change in proportionate share between measurement dates, a portion of the Group Life Insurance OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,895	\$ 1,687
Net difference between projected and actual earnings on plan investments	-	5,822
Change in assumptions	394	3,423
Changes in proportion	503	9,460
Employer contributions subsequent to the measurement date	7,470	-
	<u>\$ 19,262</u>	<u>\$ 20,392</u>

Deferred outflows of resources of \$7,470 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Group Life Insurance OPEB Liability in the year ended June 30, 2026.

Amounts reported as deferred inflows of resources related to the Group Life Insurance OPEB will be recognized in the Group Life Insurance OPEB expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ (5,372)
2027	(1,481)
2028	(2,207)
2029	(379)
2030	837
Thereafter	-
	<u>\$ (8,602)</u>

**Group Life Insurance Plan Data**

Information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS Annual Report at <http://www.varetire.org/Publications>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Note 12 – Other Postemployment Benefits – Virginia Local Disability Program**

**Plan Description**

All full-time, salaried permanent employees of the Authority who are in the VRS Hybrid Retirement Plan benefit structure are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program (“VLDP”) upon employment. This plan is a multiple employer, cost sharing plan administered by the Virginia Retirement System (“System”) along with pensions and other OPEB plans for public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended, to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDP.

**Eligible Employees**

The VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment.

**Benefit Amounts**

- Short-term disability
  - Beginning after a seven-calendar day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
  - During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work related or work-related disability.
  - Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.
- Long-term disability
  - Beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
  - Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers’ compensation benefit. Members will not receive a VLDP benefit if their workers’ compensation benefit is greater than the VLDP benefit.

**VLDP Program Notes**

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.

VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

**Contributions**

The contribution requirements for the active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Each political subdivision’s contractually required employer contribution rate for the year ended June 30, 2025 was 0.74% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VLDP were \$3,466 and \$3,847 for the years ended June 30, 2025 and June 30, 2024, respectively.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**Net OPEB Liability**

The net OPEB liability (NOL) for the VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VLDP is as follows (in thousands):

Total OPEB liability	\$ 12,230
Less Plan Fiduciary Net Position	(15,837)
Net OPEB Liability (asset)	<u>\$ (3,607)</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB liability 129.49%

The total OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

At June 30, 2025, the Authority reported an asset of \$2,111 for its proportionate share of the NOL. The NOL was measured as of June 30, 2024 and the total OPEB liability used to calculate the NOL was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date. The Authority's proportion of the NOL was based on the Authority's actuarially determined employer contributions to the VLDP for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024 and June 30, 2023 the Authority's proportion was 0.058% and 0.045% respectively.

**Actuarial Assumptions**

The total VLDP OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5%
Salary increases, including inflation	3.5-5.35%
Investment rate of return	6.75%, including inflation*

**Mortality rates – Largest Ten Locality Employers – General and Non-Hazardous Duty Employees**

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each year age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty Disability: no change
- Discount rate: no change

Mortality rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees

- Pre-Retirement: Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement: Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years
- Beneficiaries and Survivors: Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each year age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty Disability: no change
- Discount rate: no change

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates



**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Diversifying Strategies	6.00%	5.80%	0.35%
Private Investment Partnership	1.00%	8.00%	0.08%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
Inflation			2.50%
Expected arithmetic nominal return*			<b>7.07%</b>

\*The above allocation provides a one-year expected return of 7.07%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

#### **Discount Rate**

The discount rate used to measure the total VLDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the Authority for the VLDP OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

**VLDP OPEB Expense and Deferred Outflows/Inflows of Resources Related to the VLDP**

For the year ended June 30, 2025, the Authority recognized a VLDP OPEB expense of (\$437). Since there was a change in proportionate share between measurement dates, a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 251	\$ 445
Net difference between projected and actual earnings on plan investments	-	191
Change in assumptions	-	49
Changes in proportion and differences between employer contributions and proportionate share of contributions	81	208
Employer contributions subsequent to the measurement date	3,466	-
	<u>\$ 3,798</u>	<u>\$ 893</u>

Deferred outflows of resources of \$3,847 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the year ended June 30, 2026.

**VLDP OPEB Plan Data**

Information about the VLDP's Fiduciary Net Position is available in the separately issued VRS Annual Financial Comprehensive Report at <http://www.varetire.org/Publications>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 13 – Contingencies**

The Authority participates in the Capitalization Grants for State Revolving Funds. Although the Authority's administration of the program will be audited in accordance with Title 2 of the U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2025, this program is still subject to federal financial and compliance audits. The amount of expenses, which may be disallowed by the granting agency, cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority issued Build America Bonds, a form of direct-pay bonds where issuers receive subsidy payments from the Treasury equal to 35% of their interest costs, in 2009 and 2010. As an issuer of Build America Bonds, the Authority is subject to reductions in the subsidy payments pursuant to the spending cut requirements (the "sequester") of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Certain automatic reductions, in the amount of 5.7%, went into effect October 1, 2020 and the reduction rate will be applied until September 30, 2030 or intervening Congressional action, at which time the sequestration rate is subject to change. The amount of any reduction to future subsidy payments of the Authority cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

The Authority issued Qualified Energy Conservation Bonds, a form of direct-pay bonds where issuers receive subsidy payments from the Treasury equal to 70% of the related Qualified Tax Credit Bond Rate, 2016 and 2017. As an issuer of Qualified Energy Conservation Bonds, the Authority is subject to reductions in the subsidy payments pursuant to the spending cut requirements (the “sequester”) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Certain automatic reductions, in the amount of 5.7%, went into effect October 1, 2020 and the reduction rate will be applied until September 30, 2030 or intervening Congressional action, at which time the sequestration rate is subject to change. The amount of any reduction to future subsidy payments of the Authority cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

**Note 14 – Leases**

The Authority has entered into an agreement to lease its office space that qualifies as other than short-term leases in accordance with GAAP and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The agreement was executed on November 9, 2020, to lease office space and requires 90 monthly payments increasing over the life of the lease from \$15,918 to \$18,918. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.14%, which is the Authority’s incremental borrowing rate. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$733,584 at June 30, 2025.

Lease liability activity for the year ending June 30, 2025 was as follows:

	<b>June 30, 2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2025</b>
Office lease	\$ 1,010,859	\$ -	\$ (183,328)	\$ 827,531

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 are as follows:

<b>Year Ended June 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total</b>
2026	\$ 192,423	\$ 15,843	\$ 208,266
2027	201,842	11,633	213,475
2028	211,590	7,219	218,809
2029	221,676	2,593	224,269
	<u>\$ 827,531</u>	<u>\$ 37,288</u>	<u>\$ 864,819</u>

**Note 15 – Risk Management**

The Authority carries commercial insurance for various risks of loss including property, workers’ compensation, theft, general liability, errors and omissions, employee health and accident, cyber, and public officials’ liability. There have been no claims exceeding the amount insured resulting from these risks during the three years ended June 30, 2025 and there was no reduction in insurance coverage during the fiscal year.

**Note 16 – Subsequent Events**

On July 17, 2025, the Authority issued State Revolving Fund (SRF) Revenue Refunding Bonds, Series 2025, in the amount of \$167,220,000. Proceeds funded a defeasance escrow to redeem the remaining Series 2014B and 2015 CWSRF (Refunding) Bonds on October 1, 2025.

**Virginia Resources Authority**  
**Notes to the Financial Statements**  
**June 30, 2025**

On August 5, 2025, the Authority issued revenue bonds in the amount of \$131,055,000 through the VPFP. Interest rates range from 4.0% to 5.0% with a final maturity date of November 1, 2055.

The VRA Board of Directors in June 2025, authorized the transfer of \$13 million of unrestricted net assets to the Local Government Direct Loan Program and to make loans therefrom, and to issue up to \$50 million in bonds for Disaster Recovery loans, effective July 1, 2025

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

**Schedule of Changes in Net Pension Liability and Related Ratios**

	<b>Plan Year Ended June 30,</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Total Pension Liability</b>										
Service cost	\$ 138,652	\$ 146,176	\$ 164,504	\$ 148,916	\$ 137,528	\$ 170,910	\$ 155,418	\$ 148,755	\$ 131,625	\$ 123,209
Interest	61,149	79,808	96,398	96,332	101,751	134,894	157,606	178,730	187,813	197,979
Changes of assumptions	-	-	(96,698)	-	79,464	-	(8,775)	-	-	-
Difference between expected and actual experience	66,756	15,713	(39,168)	(28,307)	264,966	77,039	(90,365)	(127,095)	(109,755)	319,540
Benefit payments, including refunds of employee contributions	-	-	(9,413)	(242,525)	(36,525)	(41,202)	(51,536)	(47,861)	(49,543)	(51,766)
Net change	266,557	241,697	115,623	(25,584)	547,184	341,641	162,348	152,529	160,140	588,962
Total pension liability, beginning	873,560	1,140,117	1,381,814	1,497,437	1,471,853	2,019,037	2,360,678	2,523,026	2,675,555	2,835,695
Total pension liability, ending (a)	<u>\$1,140,117</u>	<u>\$1,381,814</u>	<u>\$1,497,437</u>	<u>\$1,471,853</u>	<u>\$2,019,037</u>	<u>\$2,360,678</u>	<u>\$2,523,026</u>	<u>\$2,675,555</u>	<u>\$2,835,695</u>	<u>\$3,424,657</u>
<b>Plan Fiduciary Net Position</b>										
Contributions – employer	\$ 46,529	\$ 45,908	\$ 60,777	\$ 58,238	\$ 65,730	\$ 68,145	\$ 86,424	\$ 83,537	\$ 63,616	\$ 62,472
Contributions – employee	64,726	65,224	71,356	64,628	71,954	74,870	72,756	71,165	71,405	74,890
Net investment income	61,565	28,964	202,035	140,948	134,272	42,699	648,797	(6,282)	209,596	339,875
Benefit payments, including refunds of employee contributions	-	-	(9,413)	(242,525)	(36,525)	(41,202)	(51,536)	(47,861)	(49,543)	(51,766)
Administrative expense	(720)	(828)	(1,026)	(1,323)	(1,172)	(1,312)	(1,464)	(1,838)	(1,962)	(1,968)
Other	(13)	(11)	(524)	(420)	(86)	(52)	63	74	86	82
Net change	172,087	139,257	323,205	19,546	234,173	143,148	755,040	98,795	293,198	423,585
Plan fiduciary net position, beginning	1,267,056	1,439,143	1,578,400	1,901,605	1,921,151	2,155,324	2,298,472	3,053,512	3,152,307	3,445,505
Plan fiduciary net position, ending (b)	<u>\$1,439,143</u>	<u>\$1,578,400</u>	<u>\$1,901,605</u>	<u>\$1,921,151</u>	<u>\$2,155,324</u>	<u>\$2,298,472</u>	<u>\$3,053,512</u>	<u>\$3,152,307</u>	<u>\$3,445,505</u>	<u>\$3,869,090</u>
<b>Net Pension Liability (Asset) (b)-(a)</b>	<b>\$(299,026)</b>	<b>\$(196,586)</b>	<b>\$(404,168)</b>	<b>\$(449,298)</b>	<b>\$(136,287)</b>	<b>\$ 62,206</b>	<b>\$(530,486)</b>	<b>\$(476,752)</b>	<b>\$(609,810)</b>	<b>\$(444,433)</b>
Plan fiduciary net position as a percentage of the total pension liability	126.2%	114.2%	127.0%	130.5%	106.8%	97.4%	121.0%	117.8%	121.5%	112.98%
Covered payroll	\$1,294,522	\$1,311,484	\$1,342,834	\$1,292,489	\$1,458,029	\$1,521,744	\$1,499,979	\$1,460,326	\$1,483,778	\$1,588,325
Net pension liability (asset) as a percentage of covered payroll	(23.1%)	(15.0%)	(30.1%)	(34.8%)	(9.3%)	4.1%	(35.4%)	(32.6%)	(41.1%)	(27.98%)

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

**Schedule of Pension Contributions**

<b>Fiscal Year</b>	<b>Contractually Required Contribution*</b>	<b>Contributions in Relation to Contractually Required Contribution*</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2016	47,476	47,476	-	1,311,484	3.62%
2017	62,039	62,039	-	1,342,834	4.62%
2018	59,713	59,713	-	1,292,489	4.62%
2019	68,090	68,090	-	1,458,029	4.67%
2020	71,065	71,065	-	1,521,744	4.67%
2021	76,925	76,925	-	1,499,979	6.03%
2022	87,981	87,981	-	1,460,326	6.03%
2023	71,221	71,221	-	1,483,778	4.80%
2024	76,240	76,240	-	1,588,325	4.80%
2025	45,209	45,209	-	1,582,606	2.86%

*\*Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.*

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions**

*Changes of benefit terms* – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

*Changes of assumptions* – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.

- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty Disability: no change

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

**Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program**

	Plan Year Ended June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net Group Life Insurance (GLI) OPEB liability	0.00730%	0.00683%	0.00744%	0.00726%	0.00726%	0.00674%	0.00632%	0.00574%
Proportionate share of the net GLI OPEB liability	\$110,000	\$104,000	\$121,000	\$123,327	\$84,526	\$81,156	\$75,797	\$69,076
Covered payroll	\$1,342,834	\$1,292,489	\$1,458,029	\$1,521,744	\$1,499,979	\$1,460,326	\$1,483,778	\$1,588,325
Proportionate share of the net GLI OPEB liability as a percentage of covered payroll	8.19%	8.05%	8.30%	8.10%	5.64%	5.56%	5.11%	4.36%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%

*Information is presented only for those years for which it is available.*

**Schedule of Employer OPEB Contributions – Group Life Insurance Program**

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 7,037	\$ 7,037	-	\$ 1,342,834	0.52%
2018	6,774	6,774	-	1,292,489	0.52%
2019	7,640	7,640	-	1,458,029	0.52%
2020	7,974	7,974	-	1,521,744	0.52%
2021	8,040	8,040	-	1,499,979	0.54%
2022	7,827	7,827	-	1,460,326	0.54%
2023	7,984	7,984	-	1,483,778	0.54%
2024	8,513	8,513	-	1,588,325	0.54%
2025	7,470	7,470	-	1,582,606	0.47%

*Information is presented only for those years for which it is available.*

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

**Notes to Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer OPEB Contributions – Group Life Insurance Program**

*Changes of benefit terms* – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

*Changes of assumptions* – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**General State Employees**

- Mortality rates: Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty disability: no change
- Discount rate: decreased from no change

**Teachers**

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change

**SPORS Employees**

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
- Withdrawal rates: decreased rate for 0 years of service and increased rates for 1 to 6 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty Disability: no change

**VaLORS Employees**

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020



**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

- Retirement rates: increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
- Withdrawal rates: adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty Disability: no change

JRS Employees

- Mortality rates: review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: decreased rates for ages 60-66 and 70-72
- Withdrawal rates: no change
- Disability rates: no change
- Salary scale: reduce increases across all ages by 0.50%
- Discount rate: no change

Largest Ten Locality Employers – General Employees

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

Non-Largest Ten Locality Employers – General Employees

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

Largest Ten Locality Employers – Hazardous Duty Employees

- Mortality rates: update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

- Retirement rates: adjusted rates to better fit experience and changed final retirement age from 65 to 70
- Withdrawal rates: decreased rates
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

Non-Largest Ten Locality Employers – Hazardous Duty Employees

- Mortality rates: update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020
- Retirement rates: adjusted rates to better fit experience and changed final retirement age from 65 to 70
- Withdrawal rates: decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
- Disability rates: no change
- Salary scale: no change
- Discount rate: no change
- Line of Duty disability: no change

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

**Schedule of Employer's Share of Net OPEB Liability – Virginia Local Disability Program**

	Plan Year Ended June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net Virginia Local Disability Program (VLDP) OPEB liability	0.020%	0.019%	0.031%	0.033%	0.056%	0.045%	0.045%	0.058%
Proportionate share of the net VLDP OPEB liability (asset)	\$111	\$144	\$620	\$326	(\$151)	(\$264)	(\$732)	(\$2,111)
Covered payroll	\$36,057	\$45,402	\$94,727	\$121,776	\$224,276	\$210,615	\$278,417	\$452,632
Proportionate share of the net VLDP OPEB liability/asset as a percentage of covered payroll	0.31%	0.32%	0.65%	0.26%	0.07%	0.12%	0.26%	0.46%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability/asset	38.4%	51.2%	49.2%	76.8%	119.6%	107.9%	116.9%	129.49%

*Information is presented only for those years for which it is available.*

**Schedule of Employer OPEB Contributions – Virginia Local Disability Program**

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 216	\$ 216	-	\$ 36,057	0.60%
2018	272	272	-	45,402	0.60%
2019	682	682	-	94,727	0.72%
2020	877	877	-	121,776	0.72%
2021	1,861	1,861	-	224,276	0.83%
2022	1,748	1,748	-	210,615	0.83%
2023	2,367	2,367	-	278,417	0.85%
2024	3,847	3,847	-	452,632	0.85%
2025	3,466	3,466	-	468,339	0.74%

*Information is presented only for those years for which it is available.*

**Virginia Resources Authority**  
**Required Supplementary Information (Unaudited)**  
**June 30, 2025**

**Notes to Schedule of Employer's Share of Net OPEB Liability and Schedule of Employer OPEB Contributions – Virginia Local Disability Program**

*Changes of benefit terms* – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

*Changes of assumptions* – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest Ten Locality Employers – General and Non-Hazardous Duty Employees**

- Mortality rates: update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement rates: adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates: adjusted rates to better fit experience at each year age and service decrement through 9 years of service
- Disability rates: no change
- Salary scale: no change
- Line of Duty Disability: no change
- Discount rate: no change

**Virginia Resources Authority**  
**Combining Schedule of Net Position**  
**June 30, 2025**

	General Accounts	Revolving Loan Fund Accounts		Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety, CFPF & RVRF Accounts	Tobacco Commission Accounts	Brownfields & Miscellaneous Accounts	Total
		Water Facilities	Water Supply							
<b>Assets</b>										
Current assets										
Cash	\$ 1,066,158	\$ 35,270,987	\$ 18,508,053	\$ 485,185	\$ -	\$ 155,480	\$ -	\$ 267,573	\$ 451,642	\$ 56,205,078
Cash equivalents	9,631,977	231,790,592	21,181,677	7,515,512	1,161,841	-	569,803,671	2,672,474	4,962,858	848,720,602
Investments	1,664,743	10,943,687	1,255,121	211,182	10,832,005	-	368,657	-	-	25,275,395
Loans receivable - current portion	123,814	139,395,936	12,414,699	2,165,389	237,612,696	-	-	152,125	-	391,864,659
Receivables:										
Investment interest	242,250	3,984,775	919,551	41,864	744,031	-	76,174	-	-	6,008,645
Loan interest	6,317	4,800,674	712,091	296,688	24,566,027	-	-	5,975	-	30,387,772
Loan administrative fees	6,616	633,893	438,757	-	785,119	-	-	-	-	1,864,385
Federal funds	-	-	4,487,393	-	-	-	-	-	-	4,487,393
Other	7,923	-	565,619	-	-	-	-	-	-	573,542
Other	36,247	-	-	-	-	-	-	-	-	36,247
Total current assets	12,786,045	426,820,544	60,482,961	10,715,820	275,701,719	155,480	570,248,502	3,098,147	5,414,500	1,365,423,718
Noncurrent assets										
Investments - non-current	31,536,331	414,200,216	106,963,845	4,111,715	106,393,143	-	7,353,955	-	-	670,559,205
Loans receivable - non-current	1,055,980	1,281,200,600	216,722,661	24,306,249	2,467,302,652	-	-	1,219,561	-	3,991,807,703
Capital assets, net	758,365	-	-	-	-	-	-	-	-	758,365
Net pension asset	444,433	-	-	-	-	-	-	-	-	444,433
Net OPEB Asset	2,111	-	-	-	-	-	-	-	-	2,111
Total noncurrent assets	33,797,220	1,695,400,816	323,686,506	28,417,964	2,573,695,795	-	7,353,955	1,219,561	-	4,663,571,817
Total assets	46,583,265	2,122,221,360	384,169,467	39,133,784	2,849,397,514	155,480	577,602,457	4,317,708	5,414,500	6,028,995,535
<b>Deferred Outflows of Resources</b>										
Deferred outflows - pension	240,203	-	-	-	-	-	-	-	-	240,203
Deferred outflows - OPEB	23,060	-	-	-	-	-	-	-	-	23,060
Deferred loss on refunding	-	4,700,571	-	-	12,509,598	-	-	-	-	17,210,169
Total deferred outflows of resources	263,263	4,700,571	-	-	12,509,598	-	-	-	-	17,473,432
Total assets and deferred outflows of resources	\$ 46,846,528	\$ 2,126,921,931	\$ 384,169,467	\$ 39,133,784	\$ 2,861,907,112	\$ 155,480	\$ 577,602,457	\$ 4,317,708	\$ 5,414,500	\$ 6,046,468,967
<b>Liabilities</b>										
Current liabilities										
Bonds payable - current	\$ -	\$ 30,437,876	\$ 1,729,745	\$ -	\$ 194,379,810	\$ -	\$ -	\$ -	\$ -	\$ 226,547,431
Accrued interest	-	3,231,294	366,298	-	16,851,297	-	-	-	-	20,448,889
Due to (from) other accounts	( 489,686 )	840,982	( 424,071 )	3,687	-	-	55,362	13,726	-	-
Agency funds	-	773,961	107,950	38,121	-	155,480	-	1,118,712	-	2,194,224
Accounts payable and other liabilities	386,718	768,593	407,243	242,814	1,480,430	-	-	-	-	3,285,798
Total current liabilities	(102,968)	36,052,706	2,187,165	284,622	212,711,537	155,480	55,362	1,132,438	-	252,476,342
Noncurrent liabilities										
Net OPEB liability	69,076	-	-	-	-	-	-	-	-	69,076
Bonds payable - noncurrent	-	313,008,684	45,728,863	-	2,635,988,643	-	-	-	-	2,994,726,190
Other accrued liabilities	635,108	132,063	-	-	3,700,926	-	-	-	-	4,468,097
Total noncurrent liabilities	704,184	313,140,747	45,728,863	-	2,639,689,569	-	-	-	-	2,999,263,363
Total liabilities	601,216	349,193,453	47,916,028	284,622	2,852,401,106	155,480	55,362	1,132,438	-	3,251,739,705
<b>Deferred Inflows of Resources</b>										
Deferred inflows - pension	128,974	-	-	-	-	-	-	-	-	128,974
Deferred inflows - OPEB	21,285	-	-	-	-	-	-	-	-	21,285
Deferred gain from localities on refunding	-	-	-	-	16,078,091	-	-	-	-	16,078,091
Total deferred inflows of resources	150,259	-	-	-	16,078,091	-	-	-	-	16,228,350
<b>Net position</b>										
Invested in capital assets	( 69,166 )	-	-	-	-	-	-	-	-	(69,166)
Restricted:										
Net pension asset	444,433	-	-	-	-	-	-	-	-	444,433
Net OPEB Asset	2,111	-	-	-	-	-	-	-	-	2,111
Loan programs	-	1,777,728,478	336,253,439	38,849,162	( 6,572,085 )	-	577,547,095	3,185,270	5,414,500	2,732,405,859
Operating reserve	8,173,462	-	-	-	-	-	-	-	-	8,173,462
Unrestricted	37,544,213	-	-	-	-	-	-	-	-	37,544,213
Total net position	46,095,053	1,777,728,478	336,253,439	38,849,162	(6,572,085)	-	577,547,095	3,185,270	5,414,500	2,778,500,912
Total liabilities, deferred inflows of resources, and net position	\$ 46,846,528	\$ 2,126,921,931	\$ 384,169,467	\$ 39,133,784	\$ 2,861,907,112	\$ 155,480	\$ 577,602,457	\$ 4,317,708	\$ 5,414,500	\$ 6,046,468,967

**Virginia Resources Authority**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2025**

	General Accounts	Revolving Loan Fund Accounts		Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety, CFPF & RVRP Accounts	Tobacco Commission Accounts	Brownfields & Miscellaneous Accounts	Total
		Water Facilities	Water Supply							
<b>Operating revenues</b>										
Interest on loans	\$ 32,323	\$ 14,748,468	\$ 2,417,236	\$ 649,714	\$ 81,807,854	\$ -	\$ -	\$ 34,003	\$ -	\$ 99,689,598
Investment income	2,242,962	33,826,522	7,225,237	657,454	2,622,008	-	27,013,305	75,523	209,545	73,872,556
Bond administrative fees	-	-	-	-	3,299,659	-	-	-	-	3,299,659
Loan administrative fees	22,501	1,983,091	1,404,604	-	-	-	-	-	-	3,410,196
Loan origination revenue	-	-	-	-	4,241,907	-	-	-	-	4,241,907
Gain on early extinguishment of bonds	-	-	-	-	173,457	-	-	-	-	173,457
Other income	-	1,237	-	-	-	-	-	-	-	1,237
Total operating revenues	2,297,786	50,559,318	11,047,077	1,307,168	92,144,885	-	27,013,305	109,526	209,545	184,688,610
<b>Operating expenses</b>										
Interest expense	19,855	11,328,634	1,034,906	-	84,826,541	-	-	-	-	97,209,936
Bond issuance costs	-	-	-	-	3,905,368	-	-	-	-	3,905,368
Grants to local governments	-	1,907,016	-	-	-	-	26,964,118	-	1,585,357	30,456,491
Principal Forgiveness loans to local governments	-	10,711,187	18,300,886	-	-	-	-	-	-	29,012,073
Loss on early extinguishment of loans	-	-	-	-	1,938,858	-	-	-	-	1,938,858
Personnel services	521,409	716,047	507,647	44,084	-	-	88,389	17,712	-	1,895,288
General operating	196,217	336,552	144,081	12,020	2,854	-	22,706	5,498	97,607	817,535
Contractual services	223,924	1,288,099	82,599	14,586	-	-	28,175	9,335	-	1,646,718
Depreciation and amortization	224,151	-	-	-	-	-	-	-	-	224,151
Total operating expenses	1,185,556	26,287,535	20,070,119	70,690	90,673,621	-	27,103,388	32,545	1,682,964	167,106,418
<b>Operating income (loss)</b>	1,112,230	24,271,783	(9,023,042)	1,236,478	1,471,264	-	(90,083)	76,981	(1,473,419)	17,582,192
<b>Nonoperating revenues</b>										
Contributions from other governments	-	71,384,010	27,893,362	-	-	-	113,548,276	-	2,250,000	215,075,648
Federal interest subsidy	-	-	-	-	869,845	-	-	-	-	869,845
<b>Nonoperating expenses</b>										
Contributions to other governments	-	-	-	-	-	-	( 12,436,679 )	-	-	(12,436,679)
Federal interest subsidy passthrough	-	-	-	-	( 842,913 )	-	-	-	-	(842,913)
<b>Income (loss) before transfers</b>	1,112,230	95,655,793	18,870,320	1,236,478	1,498,196	-	101,021,514	76,981	776,581	220,248,093
<b>Operating transfers</b>	3,439,331	-	-	-	( 3,439,331 )	-	-	-	-	-
<b>Change in net position</b>	4,551,561	95,655,793	18,870,320	1,236,478	(1,941,135)	-	101,021,514	76,981	776,581	220,248,093
<b>Total net position - beginning</b>	41,543,492	1,682,072,685	317,383,119	37,612,684	(4,630,950)	-	476,525,581	3,108,289	4,637,919	2,558,252,819
<b>Total net position - ending</b>	\$ 46,095,053	\$ 1,777,728,478	\$ 336,253,439	\$ 38,849,162	\$ (6,572,085)	\$ -	\$ 577,547,095	\$ 3,185,270	\$ 5,414,500	\$ 2,778,500,912

**Virginia Resources Authority**  
**Combining Schedule of Cash Flows**  
**Year Ended June 30, 2025**

General Accounts	Virginia Revolving Loan Fund Accounts		Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety & CFPF Accounts	Tobacco Commission Accounts	Brownfields & Miscellaneous Accounts	Total
	Water Facilities	Water Supply							
<b>Cash flows from operating activities</b>									
Cash payments to localities for loans	\$ (718,711)	\$ (127,352,864)	\$ (9,933,571)	\$ (6,692,833)	\$ (292,726,249)	\$ -	\$ -	\$ -	\$ (437,424,228)
Principal repayments from localities on loans	55,917	151,801,224	12,944,540	3,415,923	286,570,000	-	-	122,112	454,909,716
Interest received on loans	26,571	14,755,790	2,487,052	536,978	107,802,676	-	-	13,637	125,622,704
Loan origination fees received	-	-	-	-	4,241,906	-	-	-	4,241,906
Bond administrative fees received	-	-	-	-	3,284,307	-	-	-	3,284,307
Loan administrative fees received	22,501	1,983,782	1,401,994	-	-	-	-	-	3,408,277
Cash received from other income	-	1,237	-	-	-	-	-	-	1,237
Cash payments for salaries and related benefits	(697,562)	(716,047)	(507,647)	(44,084)	-	(88,389)	(36,233)	-	(2,089,962)
Cash payments for general operating expenses	(185,344)	(348,890)	(144,082)	(10,249)	(2,854)	(22,706)	(4,568)	(95,625)	(814,318)
Cash payments for contractual services	(220,513)	(1,288,099)	(82,599)	(14,586)	-	(28,175)	(15,258)	-	(1,649,230)
Cash payments for operating grants	-	(1,907,016)	-	-	-	(26,964,118)	-	(1,585,357)	(30,456,491)
Cash payments for principal forgiveness loans	-	(10,711,187)	(18,300,886)	-	-	-	-	-	(29,012,073)
Interest paid on bonds and loans	-	(13,679,095)	(1,499,776)	-	(110,822,488)	-	-	-	(126,001,359)
Loss on extinguishment of bonds	-	-	-	-	(1,765,401)	-	-	-	(1,765,401)
Agency funds received (disbursed)	-	-	-	-	-	-	(900,110)	-	(744,630)
Interfund activity	92,691	189,745	(274,195)	(64,000)	-	26,041	53,232	-	23,514
<b>Net cash used in operating activities</b>	<b>(1,624,450)</b>	<b>12,728,580</b>	<b>(13,909,170)</b>	<b>(2,872,851)</b>	<b>(3,418,103)</b>	<b>155,480</b>	<b>(27,077,347)</b>	<b>(767,188)</b>	<b>(38,466,031)</b>
<b>Cash flows from noncapital financing activities</b>									
Proceeds from sale of bonds	-	-	-	-	296,658,636	-	-	-	296,658,636
Bond issuance costs	-	-	-	-	(3,905,368)	-	-	-	(3,905,368)
Principal paid on bonds and loans	-	(25,580,000)	(725,000)	-	(268,000,000)	-	-	-	(294,305,000)
Cash paid to escrow for defeased bonds	-	-	-	-	(17,814,684)	-	-	-	(17,814,684)
Arbitrage rebate	-	132,063	-	-	201,512	-	-	-	333,575
Proceeds from interest subsidy	-	-	-	-	869,845	-	-	-	869,845
Cash payments to localities for interest subsidy	-	-	-	-	(842,914)	-	-	-	(842,914)
Contributions from other governments	-	71,384,010	36,579,831	-	-	113,548,276	-	2,250,000	223,762,117
Contributions to other governments	-	-	-	-	-	(12,436,679)	-	-	(12,436,679)
Cash received (paid) from other accounts	3,439,331	-	-	-	(3,439,331)	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>3,439,331</b>	<b>45,936,073</b>	<b>35,854,831</b>	<b>-</b>	<b>3,727,696</b>	<b>-</b>	<b>101,111,597</b>	<b>-</b>	<b>192,319,528</b>
<b>Cash flows from capital and financing related activities</b>									
Purchase of office equipment	(11,369)	-	-	-	-	-	-	-	(11,369)
Lease payments	(203,184)	-	-	-	-	-	-	-	(203,184)
<b>Net cash used in noncapital financing activities</b>	<b>(214,553)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(214,553)</b>
<b>Cash flows from investing activities</b>									
Purchase of investments	(12,382,328)	(242,329,062)	(63,688,485)	(2,055,460)	(11,856,449)	-	(3,853,504)	-	(336,165,288)
Proceeds from sales or maturities of investments	11,294,368	148,177,017	47,280,208	1,862,888	7,554,567	-	3,552,935	-	219,721,983
Interest received on investments - net	1,548,931	26,440,008	5,353,859	579,030	4,958,851	-	26,875,353	207,563	66,039,118
<b>Net cash provided by (used in) investing activities</b>	<b>460,971</b>	<b>(67,712,037)</b>	<b>(11,054,418)</b>	<b>386,458</b>	<b>656,969</b>	<b>-</b>	<b>26,574,784</b>	<b>207,563</b>	<b>(50,404,187)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,061,299</b>	<b>(9,047,384)</b>	<b>10,891,243</b>	<b>(2,486,393)</b>	<b>966,562</b>	<b>155,480</b>	<b>100,609,034</b>	<b>(691,665)</b>	<b>103,234,757</b>
<b>Cash and cash equivalents</b>									
<b>Beginning of year</b>	<b>8,636,836</b>	<b>276,108,963</b>	<b>28,798,487</b>	<b>10,487,090</b>	<b>195,279</b>	<b>-</b>	<b>469,194,637</b>	<b>3,631,712</b>	<b>801,690,923</b>
<b>End of year</b>	<b>\$ 10,698,135</b>	<b>\$ 267,061,579</b>	<b>\$ 39,689,730</b>	<b>\$ 8,000,697</b>	<b>\$ 1,161,841</b>	<b>\$ 155,480</b>	<b>\$ 569,803,671</b>	<b>\$ 2,940,047</b>	<b>\$ 904,925,680</b>
<b>Reconciliation to the Statement of Net Position</b>									
Cash	\$ 1,066,158	\$ 35,270,987	\$ 18,508,053	\$ 485,185	\$ -	\$ 155,480	\$ -	\$ 267,573	\$ 56,205,078
Cash Equivalents	9,631,977	231,790,592	21,181,677	7,515,512	1,161,841	-	569,803,671	2,672,474	848,720,602
	<u>\$ 10,698,135</u>	<u>\$ 267,061,579</u>	<u>\$ 39,689,730</u>	<u>\$ 8,000,697</u>	<u>\$ 1,161,841</u>	<u>\$ 155,480</u>	<u>\$ 569,803,671</u>	<u>\$ 2,940,047</u>	<u>\$ 904,925,680</u>

**Virginia Resources Authority**  
**Combining Schedule of Cash Flows (Continued)**  
**Year Ended June 30, 2025**

	General Accounts	Virginia Revolving Loan Fund Accounts		Airport Accounts	Bond Accounts	Transportation Infrastructure Bank	Dam Safety & CFPF Accounts	Tobacco Commission Accounts	Brownfields & Miscellaneous Accounts	Total
		Water Facilities	Water Supply							
<b>Reconciliation of operating income (loss)</b>										
<b>to net cash provided by (used in) operating activities</b>										
Operating income (loss)	1,112,230	24,271,783	(9,023,042)	1,236,478	1,471,264	-	(90,083)	76,981	(1,473,419)	17,582,192
Depreciation and amortization expense	224,151	-	-	-	-	-	-	-	-	224,151
Pension expense	(522)	-	-	-	-	-	-	-	-	(522)
Pension contributions subsequent to the measurement date	(38,141)	-	-	-	-	-	-	-	-	(38,141)
OPEB expense	(132,970)	-	-	-	-	-	-	-	-	(132,970)
OPEB contributions subsequent to the measurement date	(10,936)	-	-	-	-	-	-	-	-	(10,936)
Interest on investments	(2,242,961)	(33,826,522)	(7,225,237)	(657,454)	(2,622,007)	-	(27,013,305)	(75,523)	(207,563)	(73,870,572)
Bond issuance cost	-	-	-	-	3,905,368	-	-	-	-	3,905,368
Interest, amortization and accretion - net	19,856	(4,243,647)	(464,870)	-	1,290,688	-	-	-	-	(3,397,973)
Effect of changes in operating assets and liabilities:					(169,898)					(169,898)
Loans receivable	(662,794)	24,434,341	3,010,969	(3,258,006)	40,335,556	-	-	122,112	-	63,982,178
Loan interest receivable	(5,754)	7,326	69,815	(105,804)	(47,358,196)	-	-	(20,366)	-	(47,412,979)
Loan administrative fee receivable	-	691	(2,610)	-	(70,515)	-	-	-	-	(72,434)
Other assets	27,319	-	-	-	(17,930)	-	-	-	-	9,389
Deferred charges	-	1,893,183	-	-	359,435	-	-	-	-	2,252,618
Other current assets					(541,868)					(541,868)
Accounts payable and other liabilities	(6,619)	1,680	-	(24,065)	-	155,480	-	(900,110)	-	(773,634)
Due to other funds	92,691	189,745	(274,195)	(64,000)	-	-	26,041	29,718	-	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (1,624,450)</u>	<u>\$ 12,728,580</u>	<u>\$ (13,909,170)</u>	<u>\$ (2,872,851)</u>	<u>\$ (3,418,103)</u>	<u>\$ 155,480</u>	<u>\$ (27,077,347)</u>	<u>\$ (767,188)</u>	<u>\$ (1,680,982)</u>	<u>\$ (38,466,031)</u>
<b>Schedule of non-cash activities</b>										
Change in fair value of assets	\$ (505,873)	\$ 4,658,140	\$ 1,406,113	\$ 59,881	\$ 597,018	\$ -	\$ 112,800	\$ -	\$ -	\$ 6,328,079



**Virginia Resources Authority**  
**Combining Schedule of Net Position**  
**Virginia Revolving Loan Fund Accounts - Water Facilities**  
**June 30, 2025**

	<b>Non-Pledged Accounts</b>	<b>Trust Estate Accounts</b>	<b>Agricultural Best Management Practices Account</b>	<b>Combined Sewer Overflow Fund Account</b>	<b>State Match Accounts</b>	<b>Administrative Fee Accounts</b>	<b>Total</b>
<b>Assets</b>							
Current assets							
Cash	\$ 31,188,426	\$ -	\$ 2,398,782	\$ -	\$ -	\$ 1,683,779	\$ 35,270,987
Cash equivalents	209,295,297	1,747,300	3,161,254	3,042,725	13,320,470	1,223,546	231,790,592
Investments	6,488,618	3,957,851	172,267	-	-	324,951	10,943,687
Loans receivable, net - current portion	28,114,015	105,486,617	5,795,304	-	-	-	139,395,936
Receivables:							
Investment interest	3,655,320	212,290	49,986	-	-	67,179	3,984,775
Loan interest	1,443,880	3,335,007	21,787	-	-	-	4,800,674
Loan administrative fees	-	-	-	-	-	633,893	633,893
Total current assets	280,185,556	114,739,065	11,599,380	3,042,725	13,320,470	3,933,348	426,820,544
Noncurrent assets							
Investments - non-current	391,212,658	10,513,564	5,934,052	-	-	6,539,942	414,200,216
Loans receivable - non-current	478,433,890	799,769,231	2,997,479	-	-	-	1,281,200,600
Total noncurrent assets	869,646,548	810,282,795	8,931,531	-	-	6,539,942	1,695,400,816
Total assets	1,149,832,104	925,021,860	20,530,911	3,042,725	13,320,470	10,473,290	2,122,221,360
<b>Deferred Outflows of Resources</b>							
Deferred loss on refunding	-	4,700,571	-	-	-	-	4,700,571
Total assets and deferred outflows of resources	\$ 1,149,832,104	\$ 929,722,431	\$ 20,530,911	\$ 3,042,725	\$ 13,320,470	\$ 10,473,290	\$ 2,126,921,931
<b>Liabilities</b>							
Current liabilities							
Bonds payable - current	-	30,437,876	-	-	-	-	30,437,876
Accrued interest	-	3,231,294	-	-	-	-	3,231,294
Due to (from) other accounts	23,759,953	( 23,132,201 )	-	-	-	213,230	840,982
Agency funds	773,961	-	-	-	-	-	773,961
Accounts payable and other liabilities	766,913	-	1,680	-	-	-	768,593
Total current liabilities	25,300,827	10,536,969	1,680	-	-	213,230	36,052,706
Noncurrent liabilities							
Bonds payable - noncurrent	-	313,008,684	-	-	-	-	313,008,684
Other accrued liabilities	-	132,063	-	-	-	-	132,063
Total noncurrent liabilities	-	313,140,747	-	-	-	-	313,140,747
Total liabilities	25,300,827	323,677,716	1,680	-	-	213,230	349,193,453
<b>Net position</b>							
Restricted:							
Loan programs	1,124,531,277	606,044,715	20,529,231	3,042,725	13,320,470	10,260,060	1,777,728,478
Total net position	1,124,531,277	606,044,715	20,529,231	3,042,725	13,320,470	10,260,060	1,777,728,478
Total liabilities and net position	\$ 1,149,832,104	\$ 929,722,431	\$ 20,530,911	\$ 3,042,725	\$ 13,320,470	\$ 10,473,290	\$ 2,126,921,931

**Virginia Resources Authority**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Virginia Revolving Loan Fund Accounts - Water Facilities**  
**Year Ended June 30, 2025**

	Non-Pledged Accounts	Trust Estate Accounts	Agricultural Best Management Practices Account	Combined Sewer Overflow Fund Account	State Match Accounts	Administrative Fee Accounts	Total
<b>Operating revenues</b>							
Interest on loans	\$ 4,534,022	\$ 10,210,935	\$ 3,511	\$ -	\$ -	\$ -	\$ 14,748,468
Investment income	30,647,748	1,147,888	573,956	141,352	833,764	481,814	33,826,522
Loan administrative fees	-	-	-	-	-	1,983,091	1,983,091
Gain on early extinguishment of bonds	-	-	-	-	-	-	-
Other income	-	-	1,237	-	-	-	1,237
Total operating revenues	<u>35,181,770</u>	<u>11,358,823</u>	<u>578,704</u>	<u>141,352</u>	<u>833,764</u>	<u>2,464,905</u>	<u>50,559,318</u>
<b>Operating expenses</b>							
Interest on bonds and loans	-	11,328,634	-	-	-	-	11,328,634
Bond issuance costs	-	-	-	-	-	-	-
Principal forgiveness loans to local governments	10,576,417	111,120	23,650	-	-	-	10,711,187
Grants to local governments	-	-	-	1,907,016	-	-	1,907,016
Personnel services	716,047	-	-	-	-	-	716,047
General operating	336,805	-	( 4,421 )	-	-	4,168	336,552
Contractual services	1,288,099	-	-	-	-	-	1,288,099
Total operating expenses	<u>12,917,368</u>	<u>11,439,754</u>	<u>19,229</u>	<u>1,907,016</u>	<u>-</u>	<u>4,168</u>	<u>26,287,535</u>
<b>Operating income (loss)</b>	<u>22,264,402</u>	<u>(80,931)</u>	<u>559,475</u>	<u>(1,765,664)</u>	<u>833,764</u>	<u>2,460,737</u>	<u>24,271,783</u>
<b>Nonoperating revenues</b>							
Contributions from other governments	<u>59,323,333</u>	<u>-</u>	<u>-</u>	<u>1,907,017</u>	<u>10,153,660</u>	<u>-</u>	<u>71,384,010</u>
<b>Income (loss) before transfers</b>	<u>81,587,735</u>	<u>(80,931)</u>	<u>559,475</u>	<u>141,353</u>	<u>10,987,424</u>	<u>2,460,737</u>	<u>95,655,793</u>
<b>Operating transfers</b>	<u>1,313,614</u>	<u>13,395,841</u>	<u>-</u>	<u>-</u>	<u>( 12,591,000 )</u>	<u>( 2,118,455 )</u>	<u>-</u>
<b>Change in net position</b>	<u>82,901,349</u>	<u>13,314,910</u>	<u>559,475</u>	<u>141,353</u>	<u>(1,603,576)</u>	<u>342,282</u>	<u>95,655,793</u>
<b>Total net position - beginning</b>	<u>1,041,629,928</u>	<u>592,729,805</u>	<u>19,969,756</u>	<u>2,901,372</u>	<u>14,924,046</u>	<u>9,917,778</u>	<u>1,682,072,685</u>
<b>Total net position - ending</b>	<u>\$ 1,124,531,277</u>	<u>\$ 606,044,715</u>	<u>\$ 20,529,231</u>	<u>\$ 3,042,725</u>	<u>\$ 13,320,470</u>	<u>\$ 10,260,060</u>	<u>\$ 1,777,728,478</u>

**Virginia Resources Authority**  
**Combining Schedule of Cash Flows**  
**Virginia Revolving Loan Fund Accounts - Water Facilities**  
**Year Ended June 30, 2025**

	<b>Non-Pledged Accounts</b>	<b>Trust Estate Accounts</b>	<b>Agricultural Best Management Practices Account</b>	<b>Combined Sewer Overflow Fund Account</b>	<b>State Match Accounts</b>	<b>Administrative Fee Accounts</b>	<b>Total</b>
<b>Cash flows from operating activities</b>							
Cash payments to localities for loans	\$ (36,423,006)	\$ (83,595,260)	\$ (7,334,598)	\$ -	\$ -	\$ -	(127,352,864)
Principal repayments from localities on loans	26,916,592	117,803,084	7,081,548	-	-	-	151,801,224
Interest received on loans	4,166,312	10,588,717	761	-	-	-	14,755,790
Loan administrative fees received	-	-	-	-	-	1,983,782	1,983,782
Cash received from other income	-	-	1,237	-	-	-	1,237
Cash payments for salaries and related benefits	(716,047)	-	-	-	-	-	(716,047)
Cash payments for general operating expenses	(336,805)	-	(7,917)	-	-	(4,168)	(348,890)
Cash payments for contractual services	(1,288,099)	-	-	-	-	-	(1,288,099)
Cash payments for operating grants	-	-	-	(1,907,016)	-	-	(1,907,016)
Cash payments for principal forgiveness loans	(10,576,417)	(111,120)	(23,650)	-	-	-	(10,711,187)
Interest paid on bonds and loans	-	(13,679,095)	-	-	-	-	(13,679,095)
Loss on extinguishment of bonds	-	-	-	-	-	-	-
Interfund activity	23,373,250	(23,132,201)	-	-	-	(51,304)	189,745
<b>Net cash provided by (used in) operating activities</b>	<u>5,115,780</u>	<u>7,874,125</u>	<u>(282,619)</u>	<u>(1,907,016)</u>	<u>-</u>	<u>1,928,310</u>	<u>12,728,580</u>
<b>Cash flows from noncapital financing activities</b>							
Principal paid on bonds and loans	-	(25,580,000)	-	-	-	-	(25,580,000)
Arbitrage rebate	-	132,063	-	-	-	-	132,063
Contributions from other governments	59,323,333	-	-	1,907,017	10,153,660	-	71,384,010
Cash received (paid) from other accounts	1,313,614	13,395,840	-	-	(12,591,000)	(2,118,454)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>60,636,947</u>	<u>(12,052,097)</u>	<u>-</u>	<u>1,907,017</u>	<u>(2,437,340)</u>	<u>(2,118,454)</u>	<u>45,936,073</u>
<b>Cash flows from investing activities</b>							
Purchase of investments	(236,316,767)	(1,055,849)	(1,612,242)	-	-	(3,344,204)	(242,329,062)
Proceeds from sales or maturities of investments	137,897,847	2,816,863	4,419,910	-	-	3,042,397	148,177,017
Interest received on investments - net	23,666,498	1,157,356	279,723	141,352	833,764	361,315	26,440,008
<b>Net cash provided by (used in) investing activities</b>	<u>(74,752,422)</u>	<u>2,918,370</u>	<u>3,087,391</u>	<u>141,352</u>	<u>833,764</u>	<u>59,508</u>	<u>(67,712,037)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(8,999,695)</u>	<u>(1,259,602)</u>	<u>2,804,772</u>	<u>141,353</u>	<u>(1,603,576)</u>	<u>(130,636)</u>	<u>(9,047,384)</u>
<b>Cash and cash equivalents</b>							
<b>Beginning of year</b>	<u>249,483,418</u>	<u>3,006,902</u>	<u>2,755,264</u>	<u>2,901,372</u>	<u>14,924,046</u>	<u>3,037,961</u>	<u>276,108,963</u>
<b>End of year</b>	<u>\$ 240,483,723</u>	<u>\$ 1,747,300</u>	<u>\$ 5,560,036</u>	<u>\$ 3,042,725</u>	<u>\$ 13,320,470</u>	<u>\$ 2,907,325</u>	<u>267,061,579</u>
<b>Reconciliation to the Statement of Net Position</b>							
Cash	\$ 31,188,426	\$ -	\$ 2,398,782	\$ -	\$ -	\$ 1,683,779	35,270,987
Cash Equivalents	209,295,297	1,747,300	3,161,254	3,042,725	13,320,470	1,223,546	231,790,592
	<u>\$ 240,483,723</u>	<u>\$ 1,747,300</u>	<u>\$ 5,560,036</u>	<u>\$ 3,042,725</u>	<u>\$ 13,320,470</u>	<u>\$ 2,907,325</u>	<u>267,061,579</u>

**Virginia Resources Authority**  
**Combining Schedule of Cash Flows (Continued)**  
**Virginia Revolving Loan Fund Accounts - Water Facilities**  
**Year Ended June 30, 2025**

	<b>Non-Pledged Accounts</b>	<b>Trust Estate Accounts</b>	<b>Agricultural Best Management Practices Account</b>	<b>Combined Sewer Overflow Fund Account</b>	<b>State Match Accounts</b>	<b>Administrative Fee Accounts</b>	<b>Total</b>
<b>Reconciliation of operating income (loss)</b>							
<b>to net cash provided by (used in) operating activities</b>							
Operating income (loss)	22,264,402	(80,931)	559,475	(1,765,664)	833,764	2,460,737	24,271,783
Interest on investments	(30,647,748)	(1,147,888)	(573,956)	(141,352)	(833,764)	(481,814)	(33,826,522)
Interest, amortization and accretion - net	-	(4,243,647)	-	-	-	-	(4,243,647)
Effect of changes in operating assets and liabilities:							
Loans receivable	(9,506,414)	34,207,823	(267,068)	-	-	-	24,434,341
Loan interest receivable	(367,710)	377,786	(2,750)	-	-	-	7,326
Loan administrative fee receivable	-	-	-	-	-	691	691
Deferred charges	-	1,893,183	-	-	-	-	1,893,183
Accounts payable and other liabilities	-	-	1,680	-	-	-	1,680
Due to other funds	23,373,250	(23,132,201)	-	-	-	(51,304)	189,745
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 5,115,780</u>	<u>\$ 7,874,125</u>	<u>\$ (282,619)</u>	<u>\$ (1,907,016)</u>	<u>\$ -</u>	<u>\$ 1,928,310</u>	<u>12,728,580</u>
<b>Schedule of non-cash activities</b>							
Change in fair value of assets	<u>\$ 4,497,577</u>	<u>\$ -</u>	<u>\$ 64,768</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,795</u>	<u>4,658,140</u>

**Virginia Resources Authority**  
**Combining Schedule of Net Position**  
**Virginia Revolving Loan Fund Accounts - Water Supply**  
**June 30, 2025**

	<b>Non-Pledged Accounts</b>	<b>Trust Estate Accounts</b>	<b>State SRF Accounts</b>	<b>Administrative Accounts</b>	<b>Administrative Fee Accounts</b>	<b>Total</b>
<b>Assets</b>						
Current assets						
Cash	\$ 16,954,006	\$ -	\$ 81,632	-	\$ 1,472,415	\$ 18,508,053
Cash equivalents	18,029,620	604,304	116,821	-	2,430,932	21,181,677
Investments	1,255,121	-	-	-	-	1,255,121
Loans receivable - current portion	9,084,918	3,329,781	-	-	-	12,414,699
Receivables:						
Investment interest	919,551	-	-	-	-	919,551
Loan interest	351,023	361,068	-	-	-	712,091
Loan administrative fees	-	-	-	-	438,757	438,757
Federal funds	4,487,393	-	-	-	-	4,487,393
Other	565,619	-	-	-	-	565,619
Total current assets	<u>51,647,251</u>	<u>4,295,153</u>	<u>198,453</u>	<u>-</u>	<u>4,342,104</u>	<u>60,482,961</u>
Noncurrent assets						
Investments - non-current	106,963,845	-	-	-	-	106,963,845
Loans receivable - non-current	141,703,553	75,019,108	-	-	-	216,722,661
Total noncurrent assets	<u>248,667,398</u>	<u>75,019,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,686,506</u>
Total assets	<u>\$ 300,314,649</u>	<u>\$ 79,314,261</u>	<u>\$ 198,453</u>	<u>-</u>	<u>\$ 4,342,104</u>	<u>\$ 384,169,467</u>
<b>Liabilities</b>						
Current liabilities						
Bonds payable - current	-	1,729,745	-	-	-	1,729,745
Accrued interest	-	366,298	-	-	-	366,298
Due to (from) other accounts	( 1,957,719 )	1,329,967	-	-	203,681	( 424,071 )
Agency funds	107,950	-	-	-	-	107,950
Accounts payable and other liabilities	407,243	-	-	-	-	407,243
Total current liabilities	<u>(1,442,526)</u>	<u>3,426,010</u>	<u>-</u>	<u>-</u>	<u>203,681</u>	<u>2,187,165</u>
Noncurrent liabilities						
Bonds payable - noncurrent	-	45,728,863	-	-	-	45,728,863
Total noncurrent liabilities	<u>-</u>	<u>45,728,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,728,863</u>
Total liabilities	<u>(1,442,526)</u>	<u>49,154,873</u>	<u>-</u>	<u>-</u>	<u>203,681</u>	<u>47,916,028</u>
<b>Net position</b>						
Restricted:						
Loan programs	301,757,175	30,159,388	198,453	-	4,138,423	336,253,439
Total net position	<u>301,757,175</u>	<u>30,159,388</u>	<u>198,453</u>	<u>-</u>	<u>4,138,423</u>	<u>336,253,439</u>
Total liabilities and net position	<u>\$ 300,314,649</u>	<u>\$ 79,314,261</u>	<u>\$ 198,453</u>	<u>-</u>	<u>\$ 4,342,104</u>	<u>\$ 384,169,467</u>

**Virginia Resources Authority**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Virginia Revolving Loan Fund Accounts - Water Supply**  
**Year Ended June 30, 2025**

	<b>Non-Pledged Accounts</b>	<b>Trust Estate Accounts</b>	<b>State SRF Accounts</b>	<b>Administrative Accounts</b>	<b>Administrative Fee Accounts</b>	<b>Total</b>
<b>Operating revenues</b>						
Interest on loans	\$ 1,173,843	\$ 1,243,393	\$ -	-	-	\$ 2,417,236
Investment income	7,086,953	19,016	6,612	-	112,656	7,225,237
Loan administrative fees	-	-	-	-	1,404,604	1,404,604
Other income	-	-	-	-	-	-
Total operating revenues	<u>8,260,796</u>	<u>1,262,409</u>	<u>6,612</u>	<u>-</u>	<u>1,517,260</u>	<u>11,047,077</u>
<b>Operating expenses</b>						
Interest on bonds and loans	-	1,034,906	-	-	-	1,034,906
Principal forgiveness loans to local governments	18,300,886	-	-	-	-	18,300,886
Personnel services	-	-	-	507,647	-	507,647
General operating	75,242	-	1,087	67,752	-	144,081
Contractual services	-	-	-	82,599	-	82,599
Total operating expenses	<u>18,376,128</u>	<u>1,034,906</u>	<u>1,087</u>	<u>657,998</u>	<u>-</u>	<u>20,070,119</u>
<b>Operating income (loss)</b>	<u>(10,115,332)</u>	<u>227,503</u>	<u>5,525</u>	<u>( 657,998 )</u>	<u>1,517,260</u>	<u>(9,023,042)</u>
<b>Nonoperating revenues</b>						
Contributions from other governments	<u>27,893,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,893,362</u>
<b>Income (loss) before transfers</b>	<u>17,778,030</u>	<u>227,503</u>	<u>5,525</u>	<u>( 657,998 )</u>	<u>1,517,260</u>	<u>18,870,320</u>
<b>Operating transfers</b>	<u>3,380,378</u>	<u>(3,380,378)</u>	<u>-</u>	<u>657,998</u>	<u>(657,998)</u>	<u>-</u>
<b>Change in net position</b>	<u>21,158,408</u>	<u>(3,152,875)</u>	<u>5,525</u>	<u>-</u>	<u>859,262</u>	<u>18,870,320</u>
<b>Total net position - beginning</b>	<u>280,598,767</u>	<u>33,312,263</u>	<u>192,928</u>	<u>-</u>	<u>3,279,161</u>	<u>317,383,119</u>
<b>Total net position - ending</b>	<u>\$ 301,757,175</u>	<u>\$ 30,159,388</u>	<u>\$ 198,453</u>	<u>-</u>	<u>\$ 4,138,423</u>	<u>\$ 336,253,439</u>

**Virginia Resources Authority**  
**Combining Schedule of Cash Flows**  
**Virginia Revolving Loan Fund Accounts - Water Supply**  
**Year Ended June 30, 2025**

	<b>Non-Pledged Accounts</b>	<b>Trust Estate Accounts</b>	<b>State SRF Accounts</b>	<b>Administrative Accounts</b>	<b>Administrative Fee Accounts</b>	<b>Total</b>
<b>Cash flows from operating activities</b>						
Cash payments to localities for loans	\$ (9,933,571)	\$ -	\$ -	\$ -	\$ -	\$ (9,933,571)
Principal repayments from localities on loans	9,641,640	3,302,900	-	-	-	12,944,540
Interest received on loans	1,239,294	1,247,758	-	-	-	2,487,052
Loan administrative fees received	-	-	-	-	1,401,994	1,401,994
Cash payments for salaries and related benefits	-	-	-	(507,647)	-	(507,647)
Cash payments for general operating expenses	(75,243)	-	(1,087)	(67,752)	-	(144,082)
Cash payments for contractual services	-	-	-	(82,599)	-	(82,599)
Cash payments for principal forgiveness loans	(18,300,886)	-	-	-	-	(18,300,886)
Interest paid on bonds and loans	-	(1,499,776)	-	-	-	(1,499,776)
Interfund activity	(1,571,016)	1,329,967	-	-	(33,146)	(274,195)
<b>Net cash provided by (used in) operating activities</b>	<b>(18,999,782)</b>	<b>4,380,849</b>	<b>(1,087)</b>	<b>(657,998)</b>	<b>1,368,848</b>	<b>(13,909,170)</b>
<b>Cash flows from noncapital financing activities</b>						
Principal paid on bonds and loans	-	(725,000)	-	-	-	(725,000)
Contributions from other governments	36,579,831	-	-	-	-	36,579,831
Cash received (paid) from other accounts	3,380,378	(3,380,378)	-	657,998	(657,998)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>39,960,209</b>	<b>(4,105,378)</b>	<b>-</b>	<b>657,998</b>	<b>(657,998)</b>	<b>35,854,831</b>
<b>Cash flows from investing activities</b>						
Purchase of investments	(63,688,485)	-	-	-	-	(63,688,485)
Proceeds from sales or maturities of investments	47,280,208	-	-	-	-	47,280,208
Interest received on investments - net	5,215,576	19,015	6,612	-	112,656	5,353,859
<b>Net cash provided by (used in) investing activities</b>	<b>(11,192,701)</b>	<b>19,015</b>	<b>6,612</b>	<b>-</b>	<b>112,656</b>	<b>(11,054,418)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,767,726</b>	<b>294,486</b>	<b>5,525</b>	<b>-</b>	<b>823,506</b>	<b>10,891,243</b>
<b>Cash and cash equivalents</b>						
<b>Beginning of year</b>	<b>25,215,900</b>	<b>309,818</b>	<b>192,928</b>	<b>-</b>	<b>3,079,841</b>	<b>28,798,487</b>
<b>End of year</b>	<b>\$ 34,983,626</b>	<b>\$ 604,304</b>	<b>\$ 198,453</b>	<b>\$ -</b>	<b>\$ 3,903,347</b>	<b>\$ 39,689,730</b>
<b>Reconciliation to the Statement of Net Position</b>						
Cash	\$ 16,954,006	\$ -	\$ 81,632	\$ -	\$ 1,472,415	\$ 18,508,053
Cash Equivalents	18,029,620	604,304	116,821	-	2,430,932	21,181,677
	<b>\$ 34,983,626</b>	<b>\$ 604,304</b>	<b>\$ 198,453</b>	<b>\$ -</b>	<b>\$ 3,903,347</b>	<b>\$ 39,689,730</b>
<b>Reconciliation of operating income (loss)</b>						
<b>to net cash provided by (used in) operating activities</b>						
Operating income (loss)	(10,115,332)	227,503	5,525	(657,998)	1,517,260	\$ (9,023,042)
Interest on investments	(7,086,953)	(19,016)	(6,612)	-	(112,656)	(7,225,237)
Interest, amortization and accretion - net	-	(464,870)	-	-	-	(464,870)
Effect of changes in operating assets and liabilities:						
Loans receivable	(291,931)	3,302,900	-	-	-	3,010,969
Loan interest receivable	65,450	4,365	-	-	-	69,815
Loan administrative fee receivable	-	-	-	-	(2,610)	(2,610)
Due to other funds	(1,571,016)	1,329,967	-	-	(33,146)	(274,195)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (18,999,782)</b>	<b>\$ 4,380,849</b>	<b>\$ (1,087)</b>	<b>\$ (657,998)</b>	<b>\$ 1,368,848</b>	<b>\$ (13,909,170)</b>
<b>Schedule of non-cash activities</b>						
Change in fair value of assets	\$ 1,406,113	\$ -	\$ -	\$ -	\$ -	\$ 1,406,113





## **STATISTICAL SECTION**



**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

The statistical section presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information indicate about the Authority's financial health over an extended period of time.

**Financial Trends**

These tables contain trend information to help the reader understand how the Authority's financial performance and well-being changed over time.

Table 1	Net Position by Component
Table 2	Change in Net Position
Table 3	Operating Revenues
Table 4	Operating Expenses

**Revenue Capacity**

This table contains information to help the reader assess the Authority's significant operating revenues.

Table 5	Outstanding Loans Receivable
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**Debt Capacity**

These tables present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Table 6	Outstanding Debt
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**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Table 7	Virginia Principal Employers
Table 8	Virginia Demographic and Economic Statistics

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

Table 9	Operating Indicators
Table 10	Employees by Identifiable Activity

**Sources:** Unless otherwise noted, information in these tables is derived from the Authority's Annual Financial Comprehensive Report for the relevant year.

**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 1 – Net Position by Component, Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
2016	\$ 103,466	\$ 1,512,101,797	\$ 14,939,060	\$ 1,527,144,323
2017	103,160	1,550,423,556	16,916,728	1,567,443,444
2018	63,451	1,596,299,523	18,805,620	1,615,168,594
2019	122,088	1,674,042,345	21,567,320	1,695,731,753
2020	164,089	1,752,921,179	24,472,767	1,777,558,035
2021	149,468	1,850,957,162	26,242,174	1,877,348,804
2022	38,483	1,975,917,920	27,390,955	2,003,347,358
2023	837	2,186,138,480	29,468,479	2,215,607,796
2024	(39,713)	2,525,277,841	33,014,691	2,558,252,819
2025	(69,166)	2,741,025,865	37,544,213	2,778,500,912

**Table 2 – Change in Net Position, Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Operating Revenue</b>	<b>Operating Expense</b>	<b>Operating Income</b>	<b>Non-operating Revenue (Expense), Net</b>	<b>Change in Net Position</b>
2016	\$ 148,046,948	\$ 151,913,487	\$ (3,866,539)	\$ 47,982,465	\$ 44,115,926
2017	141,062,437	142,978,472	(1,916,035)	42,215,156	40,299,121
2018	139,713,451	141,185,639	(1,472,188)	49,318,112	47,845,924
2019	148,821,595	155,551,039	(6,729,444)	87,292,603	80,563,159
2020	150,126,437	175,176,261	(25,049,824)	106,876,106	81,826,282
2021	134,756,438	126,324,941	8,431,497	91,359,272	99,790,769
2022	101,681,054	139,370,206	(37,689,152)	163,687,706	125,998,554
2023	128,616,173	116,881,791	11,734,382	200,526,056	212,260,438
2024	158,263,262	137,775,589	20,487,673	322,157,350	342,645,023
2025	184,688,610	167,106,418	17,582,192	202,665,901	220,248,093

**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 3 – Operating Revenues, Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Interest on Loans</b>	<b>Investment Income</b>	<b>Bond Admin. Fees</b>	<b>Loan Admin. Fees</b>	<b>Loan Origination Revenue</b>	<b>Other</b>	<b>Total</b>
2016	\$ 121,474,338	\$ 12,856,376	\$ 3,607,108	\$ 2,041,425	\$ 5,133,637	\$ 2,934,064	\$ 148,046,948
2017	118,893,894	13,020,537	2,755,079	2,154,816	4,053,518	184,593	141,062,437
2018	114,478,487	16,883,169	3,218,224	2,208,795	2,735,470	189,306	139,713,451
2019	113,394,150	26,978,747	3,319,259	2,353,592	2,139,511	636,336	148,821,595
2020	110,683,314	28,883,744	3,341,069	2,537,279	4,550,643	130,388	150,126,437
2021	98,769,062	22,369,534	3,218,818	2,568,850	4,439,595	3,390,579	134,756,438
2022	96,236,754	(6,313,784)	3,223,714	2,818,983	5,175,667	539,720	101,681,054
2023	93,898,155	26,090,090	3,714,839	3,126,709	2,261,526	64,854	128,616,173
2024	93,224,928	52,677,361	3,094,272	3,342,023	3,974,134	1,950,544	158,263,262
2025	99,689,598	73,872,556	3,299,659	3,410,196	4,241,907	174,694	184,688,610

**Table 4 – Operating Expenses, Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Interest on Bonds and Loans</b>	<b>Bond Issuance Costs</b>	<b>Grants and Principal Forgiveness on Loans</b>	<b>Loss on Early Extinguish-ment of Bonds</b>	<b>Personnel Services</b>	<b>General Operating</b>	<b>Contractual Services</b>	<b>Total</b>
2016	\$ 127,374,789	\$ 3,688,101	\$ 14,944,559	\$ 2,886,783	\$ 1,630,865	\$ 932,924	\$ 455,466	\$ 151,913,487
2017	127,518,234	2,8s49,010	9,141,740	126,575	1,623,718	1,256,502	462,693	142,978,472
2018	122,994,971	2,302,158	12,909,090	167,975	1,677,275	689,643	444,527	141,185,639
2019	120,045,825	1,925,208	29,235,617	669,613	2,089,310	1,183,969	401,497	155,551,039
2020	113,916,449	4,006,048	53,720,820	-	2,215,321	871,172	446,451	175,176,261
2021	105,810,413	4,816,216	10,822,090	1,027,360	2,194,924	988,112	665,826	126,324,941
2022	95,188,553	4,743,241	35,258,859	328,543	1,897,470	1,023,368	930,172	139,370,206
2023	95,303,759	2,146,856	14,890,575	-	1,899,980	1,070,196	1,570,425	116,881,791
2024	92,408,667	3,415,434	36,466,162	654,662	1,937,604	1,091,524	1,801,536	137,775,589
2025	97,209,936	3,905,368	59,468,564	1,938,858	1,895,288	817,535	1,646,718	167,106,418

**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 5 – Outstanding Loans Receivable, Last Ten Fiscal Years**

<b>Loans Pledged to Outstanding Bonds</b>						
<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>VWFRF – Pledged</b>	<b>VARF</b>	<b>VSWRF - Pledged</b>	<b>Unamortized Discount/Premium</b>	<b>Total</b>
2016	\$ 2,438,694,318	\$ 781,696,843	\$ 40,580,256	\$ -	\$ 221,659,494	\$ 3,482,630,911
2017	2,515,813,162	725,939,770	37,716,253	-	226,735,757	3,506,204,942
2018	2,560,058,692	659,660,119	33,550,896	-	224,221,552	3,477,491,259
2019	2,514,255,420	601,280,976	27,708,574	-	211,481,241	3,354,726,211
2020	2,540,794,359	540,710,376	30,125,815	-	176,487,506	3,288,118,056
2021	2,583,147,445	1,046,541,058	-	26,709,230	164,472,110	3,820,869,843
2022	2,627,900,850	940,717,394	-	73,180,966	161,147,442	3,802,946,652
2023	2,557,758,180	1,014,055,151	-	83,831,240	142,049,833	3,797,694,404
2024	2,588,633,525	939,463,671	-	81,651,789	137,059,881	3,746,808,866
2025	2,574,001,693	905,255,848	-	78,348,889	130,913,656	3,688,520,086

<b>Loans from Revolving Funds</b>						
<b>Fiscal Year</b>	<b>VWFRF</b>	<b>VWFRF AgBMP</b>	<b>VARF</b>	<b>VWSRF</b>	<b>VTRRF</b>	<b>Total</b>
2016	\$ 729,475,535	\$ 3,920,074	\$ -	\$ 163,074,966	\$ -	\$ 896,470,575
2017	732,123,967	2,379,091	-	165,249,684	-	899,752,742
2018	720,275,558	2,195,062	-	168,294,548	540,000	891,305,168
2019	739,019,014	1,692,364	-	178,362,854	1,603,062	920,677,294
2020	769,926,493	2,562,847	-	174,948,255	2,913,974	950,351,569
2021	250,384,317	3,316,614	22,806,365	154,285,145	8,540,240	439,332,681
2022	427,474,999	4,247,590	24,304,168	147,614,060	1,742,138	605,382,955
2023	416,634,297	6,155,768	20,856,332	151,507,338	1,607,914	596,761,649
2024	496,980,116	8,715,631	23,213,631	150,772,080	1,493,798	681,175,256
2025	506,547,906	8,970,360	26,471,638	151,008,491	1,371,685	694,370,080

<b>Conduit Loans</b>					
<b>Fiscal Year</b>	<b>Other Programs</b>	<b>Loans Receivable, Combined Total (1)</b>	<b>VGCP</b>	<b>VAHelps</b>	<b>Total</b>
2016	\$ 104,562	\$ 4,379,206,048	\$ 12,004,595	\$ -	\$ 12,004,595
2017	53,121	4,406,010,805	28,173,001	-	28,173,001
2018	780,000	4,369,576,427	33,597,177	-	33,597,177
2019	-	4,275,403,505	31,937,232	-	31,937,232
2020	-	4,238,469,625	30,219,281	-	30,219,281
2021	-	4,260,202,524	28,485,660	-	28,485,660
2022	-	4,408,329,607	26,693,610	16,015,000	42,708,610
2023	-	4,394,456,053	24,823,749	16,015,000	40,838,749
2024	517,000	4,428,501,122	22,889,652	15,735,249	38,624,901
2025	1,179,794	4,384,069,960	20,648,586	15,735,249	36,383,835

(1) Conduit loans were removed from loan receivables upon adoption of GASB 91 (FY2023)

**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 6 – Outstanding Debt, Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total Outstanding Revenue Bonds</b>	<b>Unamortized Discounts / Premiums</b>	<b>Net Bonds Payable</b>	<b>Outstanding Bonds Secured by the Moral Obligation of the Commonwealth</b>	<b>Commonwealth Limit on Moral Obligation Debt</b>	<b>Remaining Capacity for Moral Obligation Debt</b>	<b>Revenue Bonds per Capita (1)</b>
2016	\$3,300,763,913	\$ 310,765,995	\$3,611,529,908	\$ 907,209,309	\$ 1,500,000,000	\$ 592,790,691	\$ 394.48
2017	3,347,331,162	303,590,898	3,650,922,060	928,088,162	1,500,000,000	571,911,838	397.66
2018	3,337,580,869	292,549,585	3,630,130,454	927,833,692	1,500,000,000	572,166,308	394.00
2019	3,288,408,651	275,297,841	3,563,706,492	926,540,419	1,500,000,000	573,459,581	386.38
2020	3,259,982,640	234,156,667	3,494,139,307	933,279,358	1,500,000,000	566,720,642	380.99
2021	3,171,913,105	225,216,364	3,397,129,469	914,377,445	1,500,000,000	585,622,555	369.23
2022	3,161,109,461	213,929,028	3,375,038,489	929,910,851	1,500,000,000	570,089,149	365.77
2023	3,103,263,183	189,240,370	3,292,503,553	906,848,183	1,500,000,000	593,151,817	357.37
2024	3,071,228,525	178,486,277	3,249,714,802	917,953,525	1,500,000,000	582,046,475	352.38
2025	3,052,801,693	168,471,928	3,221,273,621	919,226,692	1,500,000,000	580,773,308	346.47

(1) Population for the proceeding calendar year (*Source: Table 8*)

<b>Fiscal Year</b>	<b>Net Bonds Payable</b>	<b>Outstanding Lease Obligations (1)</b>	<b>Total Outstanding Debt</b>	<b>% of Lease Obligations/Total Outstanding Debt</b>
2016	\$ 3,611,529,908	-	\$ 3,611,529,908	-
2017	3,650,922,060	-	3,650,922,060	-
2018	3,630,130,454	-	3,630,130,454	-
2019	3,563,706,492	-	3,563,706,492	-
2020	3,494,139,307	-	3,494,139,307	-
2021	3,397,129,469	-	3,397,129,469	-
2022	3,375,038,489	1,459,617	3,376,498,106	0.043%
2023	3,292,503,553	1,266,227	3,293,769,780	0.038%
2024	3,249,714,802	1,068,002	3,250,782,804	0.033%
2025	3,221,273,621	864,819	3,222,138,440	0.027%

(1) Table includes outstanding lease obligations upon adoption of GASB 87 (FY2022)

**Virginia Resources Authority  
Statistical Section  
June 30, 2025**

**Table 7 – Virginia Principal Employers, Current and Ten Years Ago**

<b>Employer (1)</b>	<b>Fiscal Year 2025 (1, 2) Ranking</b>	<b>Fiscal Year 2016 (1, 2) Ranking</b>
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Amazon Fulfillment Services, Inc.	4	-
Sentara Health Care	5	4
University of Virginia/Blue Ridge Hospital	6	-
Huntington Ingalls Industries, Inc	7	5
Inova Health System	8	-
Food Lion	9	6
U.S. Department of Homeland Defense	10	10
U.S. Postal Services	15	7
County of Fairfax	13	8
HCA Virginia Health System	14	9

(1) Final quarter data for most recent calendar year (2024 and 2015).

(2) The Virginia Employment Commission does not disclose the actual number of employees, due to the *Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347*. All employers in this table have over 1,000 individuals employed.

*Source: Virginia Employment Commission*



**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 8 – Virginia Demographic and Economic Statistics, Current and Ten Years Ago**

<b>Fiscal Year</b>	<b>Population Estimate(1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Income (1)</b>	<b>Public Primary and Secondary School Enrollment</b>	<b>Unemployment Rate (1) (2)</b>
2016	8,389,864	\$ 433,088,200	\$ 51,620	1,284,114	3.80%
2017	8,444,688	444,691,400	52,659	1,288,033	3.70%
2018	8,502,578	462,372,200	54,380	1,292,706	3.10%
2019	8,547,016	479,766,600	56,133	1,290,513	2.70%
2020	8,597,339	501,811,600	58,368	1,298,083	2.40%
2021	8,637,193	530,920,400	61,469	1,252,752	4.50%
2022	8,657,348	578,639,700	66,838	1,251,970	2.70%
2023	8,679,099	599,042,000	69,021	1,263,367	2.50%
2024	8,715,698	634,984,900	72,855	1,262,011	2.70%
2025	8,811,195	703,645,000	77,093	1,261,387	3.50%

(1) For the preceding calendar year, as revised.

(2) Not seasonally adjusted, as revised.

*Sources:*

*Population, Personal Income and Per Capita Income – U.S. Bureau of Economic Analysis, U.S. Federal Reserve, Census.gov*

*Public Primary and Secondary School Enrollment – Virginia Department of Education*

*Unemployment Rate – U.S. Bureau of Labor Statistics*

**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 9 – Operating Indicators, Last Ten Fiscal Years**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Virginia Pooled Financing Program										
Projects	39	24	24	20	41	40	32	7	15	19
Lending	\$396,200,000	\$321,620,000	\$223,025,000	\$191,370,000	\$516,760,000	\$319,210,000	\$249,060,000	\$ 82,180,000	\$204,630,000	\$271,120,000
Clean Water Revolving Loan Fund										
Projects	13	14	18	10	15	28	30	12	11	14
Closed loans	\$ 37,029,027	\$ 30,952,582	\$115,555,569	\$69,252,668	\$201,678,861	\$246,924,926	\$298,125,243	\$ 61,510,264	\$111,007,561	\$99,945,601
AgBMP Program										
Projects	-	-	-	-	11	37	42	46	82	53
Closed loans	\$ -	\$ -	\$ -	\$ -	\$ 2,655,268	\$ 4,853,184	\$ 5,273,968	\$ 6,230,026	\$ 11,877,137	\$ 10,708,661
Drinking Water Revolving Fund										
Projects	24	19	24	34	20	18	13	14	25	83
Closed loans	\$ 16,912,070	\$ 17,157,567	\$ 27,088,449	\$ 19,256,987	\$ 12,142,839	\$ 88,118,143	\$ 11,856,898	\$ 20,584,189	\$ 22,018,981	\$ 70,070,019
Virginia Airports Revolving Fund										
Projects	-	1	1	1	2	4	2	-	2	1
Closed loans	\$ -	\$ 2,010,000	\$ 1,846,000	\$ 2,400,000	\$ 3,212,473	\$ 4,239,031	\$ 8,020,000	\$ -	\$ 9,100,000	\$ 465,000
Dam Safety and Flood Prevention										
Projects	70	40	45	39	21	30	57	200	85	57
Closed grants	\$ 326,916	\$ 1,041,301	\$ 1,347,437	\$ 473,179	\$ 423,772	\$ 1,582,491	\$ 726,039	\$ 1,586,051	\$ 481,154	\$ 1,961,278
Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund										
Projects	12	16	18	18	18	29	26	21	27	22
Closed grants	\$ 445,585	\$ 833,434	\$ 997,770	\$ 1,288,352	\$ 835,130	\$ 1,892,163	\$ 2,123,218	\$ 2,111,351	\$ 2,529,276	\$ 2,006,492
VirginiaSAVES Green Communities										
Projects	2	3	1	-	-	-	-	-	-	-
Closed loans	\$ 12,004,595	\$ 16,384,987	\$ 6,512,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Virginia Tobacco Region Revolving Funds										
Projects	-	-	1	1	2	-	-	-	-	-
Closed loans	\$ -	\$ -	\$ 540,000	\$ 1,100,000	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -	\$ -
Community Flood Preparedness Program										
Projects	-	-	-	-	-	-	49	48	1	50
Closed grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,289,788	\$ 57,888,627	\$ 7,500,000	\$ 53,877,651
VAHELPS Conduit Loan Program										
Projects	-	-	-	-	-	-	1	-	-	-
Closed loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,015,000	\$ -	\$ -	\$ -
Local Gov. Direct Loan Program										
Projects	-	-	-	-	-	-	-	-	2	1
Closed loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 765,280	\$ 475,891
<b>Total new projects</b>	<b>160</b>	<b>117</b>	<b>132</b>	<b>123</b>	<b>130</b>	<b>186</b>	<b>252</b>	<b>348</b>	<b>250</b>	<b>300</b>
<b>Total entities served</b>	<b>104</b>	<b>88</b>	<b>93</b>	<b>77</b>	<b>107</b>	<b>148</b>	<b>160</b>	<b>182</b>	<b>200</b>	<b>213</b>
<b>Total new financings</b>	<b>\$462,918,193</b>	<b>\$389,999,871</b>	<b>\$376,912,369</b>	<b>\$285,141,186</b>	<b>\$739,108,343</b>	<b>\$666,819,938</b>	<b>\$623,490,154</b>	<b>\$232,090,508</b>	<b>\$369,909,389</b>	<b>\$510,630,593</b>

**Virginia Resources Authority**  
**Statistical Section**  
**June 30, 2025**

**Table 10 – Employees (1) by Identifiable Activity, Current and Ten Years Ago**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Executive Director	1	1	1	1	1	1	1	1	1	1
Financial Services	4	4	4	4	4	4	3	2	3	3
Finance and Administration	6	5	5	5	5	5	5	5	5	4
Program Management	3	3	3	3	3	3	3	3	3	3
Policy and Compliance	2	2	3	4	4	4	2	3	3	3
Total	<u>16</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>17</u>	<u>17</u>	<u>14</u>	<u>14</u>	<u>15</u>	<u>14</u>

(1) Permanent employees



## **COMPLIANCE SECTION**





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the Board of Directors  
Virginia Resources Authority  
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Virginia Resources Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 9, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

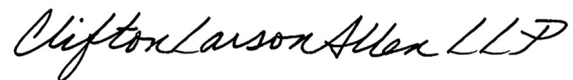
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Arlington, Virginia  
September 9, 2025